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## NEWS SUMMARY

### GENERAL

## Commons uproar over IRA escape

Heated exchanges followed allegations in the Commons that one of the solicitors being questioned in connection with the escape of eight IRA men from Belfast's Crumlin Road gaol had terrorist associations.

Northern Ireland Secretary Humphrey Atkins said an urgent inquiry into the escape was under way. He admitted "a failure on the part of the authorities over which I am responsible."

The RUC believes the eight men are still in Belfast. Page 11

### Benn diagnosis

Doctors confirmed that Mr Tony Benn has a rare nervous disease and will be unable to resume normal political life for "some time." Page 11

### Seat belt vote

The Lords voted to add to the Transport Bill the compulsory wearing of car seat belts, which could be enforced before the end of the year. ...

### Bani-Sadr siege

President Bani-Sadr of Iran was virtually besieged in his Tehran office by crowds calling for his resignation, trial and even execution. Back Page

### Reagan invitation

President Reagan invited the ambassadors of Israel and five Arab countries to the White House for consultations on the Middle East. Israeli claim, Page 4

### Suspension threat

The Government is warning nearly 1,000 civil servants that they face suspension without pay for taking unofficial industrial action over unemployment benefit. Back Page

### Petrol action

Shell and Mobil, following BP Oil's lead, are to end subsidies to their petrol dealers. Prices could rise by up to 10p at many urban garages. Back Page

### Herring move

The EEC Commission will propose at the next Council of Fisheries Ministers that herring fishing should be re-opened in waters restricted since 1978. Page 35

### Murders theory

Police were checking for links between the murders of Mrs Ethel Page, 75, in a West London cemetery on Wednesday, and Mrs Margaret Cross, 71, at her home in nearby Wealdstone last week.

### Docherty amazed

Football manager Tommy Docherty said in Australia that he would return to England and Preston North End in spite of an "amazing" offer from Sydney Olympic, his present club.

### It's Zara Anne

Princess Anne's daughter will be called Zara Anne Elizabeth, said Buckingham Palace. Zara, a Greek Biblical name, means "bright as the dawn."

### Tea total

Britons drink an average of 1,650 cups of tea every year—about 4½ cups a day, according to Tea Council figures.

### Briefly . . .

Double heart-transplant patient Ronald Rimmer, 43, died at Harefield Hospital.

Road crash victim Debbie Lewis, 20, was awarded £135,594 damages in the High Court.

Four hundred Nottingham medical students started a three-legged race to Paris for charity.

### BUSINESS

## Gilts off 0.36; upturn for dollar

● DOLLAR reversed its recent weakness, supported by firmer Euro-dollar deposit rates. It improved to DM 2.4040 (DM 2.3725), SwFr 2.1160 (SwFr 2.0875), Y226.10 (Y225.25) and was sharply higher at FFr 5.7030 (FFr 5.6225). Its trade-weighted index was 109.2 (108.5). Page 28

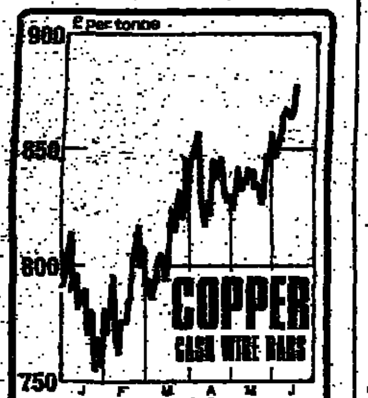
● STERLING lost 2.15c at $1.95 but firmed to DM 4.69 (DM 4.6750), SwFr 4.1275 (SwFr 4.1150) and FFr 11.12 (FFr 11.0850). Its trade-weighted index fell to 94.8 (95.0). Page 28

● GILTS halted the week's upturn on revived firmness in the dollar. The Government Securities index shed 0.36 to 65.83. Page 36

● EQUITIES were again restrained by speculation of an imminent BP cash call in excess of £500m. The FT 30-share index lost a further 6.1 to 536.2. Page 36

● GOLD held steady at $465.5 in dull trading. Page 28

● COPPER values reached their highest since last September on the London Metal Exchange, with cash wirebars £7 up at




£874.75 a tonne. LEAD prices seesawed after news of a deliveries cut by strike-hit St Joe Minerals. Page 35

● WALL STREET was up 9.83 at 1,003.71 near the close. Page 34

● JAPANESE CAR exports to Belgium this year are to be cut by 7 per cent while sales in the Netherlands and Luxembourg will be held to 1980 levels. Back Page

● FRENCH ENERGY conservation and development projects will cost FFr 400bn (£36bn) over the next 10 years. Back Page; Feature, Page 22

● CIBA-GEIGY, the Swiss-based chemicals group, is to shed 460 jobs at Trafford Park, Manchester, halving its industrial chemicals division there. Page 9

● BRITISH SHIPBUILDERS is to close its Robb Caledon yard in Dundee, although up to 180 of the 435 workers may be retained or transferred. The BS executive board will review the decision next week but a reversal is unlikely.

● 600 GROUP, the machine tool and engineering concern, reported pre-tax profits for the year to end March more than halved to £4.76m, but stock relief brought a £3.48m advance in attributable surplus to £12.15m. It will maintain its dividend. Page 24; Lex, Back Page

● HILL SAMUEL GROUP increased after-tax profits 46 per cent to £11.3m in the year to end March and is lifting its total dividend one fifth to 7p a share net. Page 24; Lex, Back Page

● WILLIAM COLLINS and Sons (Holding) shares fell 30p to 223p after directors rejected a bid from Mr Rupert Murdoch's NEWS INTERNATIONAL. Page 26

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

| | | | | | |
|---|---|---|---|---|---|
| RISES | | | Treas. 12¾pc 03-05 | £87¾ | − ¾ |
| Treas. 2pc IL | £98½ | + ¾ | Allied Residential | 30 | − 4 |
| Bank of Scotland | 378 | + 6 | BTR | 314 | − 8 |
| Downing (G. H.) | 224 | + 6 | Collins (Wm.) | 223 | − 30 |
| Ewart New Nrthrn. | 170 | + 20 | Cornell Dresses | 155 | − 7 |
| Gt Portland Estates | 232 | + 6 | Elliott (B.) | 160 | − 5 |
| Hanson Trust | 282 | + 10 | Fairline Boats | 47 | − 8 |
| Hill Samuel | 152 | + 5 | General Accident | 312 | − 6 |
| Laird Group | 124 | + 5 | GEC | 670 | − 13 |
| Lloyds Bank | 355 | + 5 | GRE "New" | 44pm | − 4 |
| Midland Bank | 335 | + 5 | Lucas Inds. | 188 | − 7 |
| Parrish (J. T.) | 176 | + 6 | Martin, Newsagent | 246 | − 11 |
| Sidlaw Inds. | 156 | + 9 | Pilkington | 290 | − 10 |
| Staveley Inds. | 242 | + 4 | Plessey | 308 | − 9 |
| Vosper | 145 | + 15 | Polly Peck | 302 | − 6 |
| ACM | 35 | + 7 | Samuel (H.) A | 150 | − 4 |
| North Kalgurli | 74 | + 7 | Smiths Inds. | 365 | − 15 |
| Panconlinental | 420 | + 35 | Vickers | 169 | − 6 |
| Swan Resources | 68 | + 5 | Westland | 136 | − 8 |
| FALLS | | | Geevor Tin | 105 | − 10 |
| Exchqr. 12¼pc 85 | £93⅛ | − ⅛ | RTZ | 495 | − 10 |

# Solidarity and Polish Party bow to Soviet pressure

BY CHRISTOPHER BOBINSKI IN WARSAW

THE LEADERS of the Polish Communist Party and the Solidarity trade union movement joined yesterday in bowing to pressure from Moscow, and indicated a hardening of their attitudes toward their more liberal colleagues.

A resolution from the Party's policy-making central committee yesterday said that the Party agreed with the Soviet Union's recent critical assessment of the situation in Poland.

While it reaffirmed the commitment to continue reforms within the Party and society at large, the resolution admitted that measures being taken to overcome the crisis and the threat of counter-revolution were inadequate.

Mr Lech Walesa, leader of the 10m members of Solidarity, told a meeting in Warsaw: "Let's cut back on our political ambitions."

The central committee declaration, following a crucial meeting at which Mr Stanislaw Kania, the Party leader, fought off attempts to dismiss him, underlined Poland's willingness to continue military and economic co-operation with the Warsaw Pact.

The resolution said that the leadership would continue to use political means to resolve conflicts, but called also for "all possible means" to be used to "put an end to the activities of anti-socialist elements."

The resolution underlined the virtues of Party discipline and condemned rank-and-file discussion groups which acted without the blessing of the Party authorities.

It called on the Government to defend law and order with all the means at its disposal, and asked the independent unions to stay within the bounds of their statutes and keep out of politics.

Party journalists were told to put forward the Party line and the committee is warned that tough decisions would be taken to discipline the media.

The document called for tough measures against all anti-Soviet dissidents.

Mr Walesa responded in a similar fashion to the new situation.

Speaking yesterday at the FSO car factory in Warsaw, he told a mass meeting that Solidarity was there to serve the working people, and not get involved in politics.

While radicals "who are always making mountains out of molehills" were needed in the union, they should not have a decisive say, he said.

Mr Kania could face another test at a provincial Party congress in Cracow this weekend.

Russian may have lost chance to invade, Page 3

## KARMAL RESIGNS AS AFGHAN PREMIER

PRESIDENT Babrak Karmal, Soviet-installed leader of the Communist Government in Afghanistan, was reported by Kabul Radio yesterday to have resigned as Prime Minister, writes David Dodwell.

Mr. Karmal remains as General Secretary of the ruling People's Democratic Party—a post which, as in any Communist government, is the most powerful political office. He also remains president.

News of the resignation comes after a week of factional violence and turmoil inside Afghanistan's "cabinet," the Revolutionary Council, according to reports reaching Delhi.

The latest developments are likely to deeply worry Mr. Karmal's Soviet backers. In three years, they have failed to tame nationwide opposition to the marxist governments they have installed. The invasion of 80,000 Soviet troops 18 months ago has failed to consolidate the government's power. Rebel insurgency has been a constant problem. This is likely to be fuelled by the knowledge that factional feuds persist inside the government.

# Ministers prepare ground for more spending cuts

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE MAIN aim of Treasury Ministers at the special Cabinet meeting on the economy next Wednesday will be to prepare the ground for a further round of public-spending cuts.

The meeting, known within Whitehall as Ecocab, is intended to give the Cabinet as a whole, rather than just the E committee of a few key Ministers, an opportunity to review the outlook. It will not take decisions.

Nevertheless it is clear that the Treasury wants to win approval in principle for a reduction in public spending below currently planned levels. This is seen as necessary if there is to be any chance of significant tax cuts in the next two or three years.

Decisions about scale and distribution of the cuts will come later, mainly in the late summer and early autumn.

A central theme of the Treasury submissions to the Cabinet is that the present strategy has succeeded in reducing the rate of inflation, and that this approach must be maintained, or these gains may be sacrificed.

Whitehall observers expect no organised challenge to this strategy, partly because most Ministers accept the priority of fighting inflation. There are no signs yet of a coherent alternative approach being put forward.

The main pressures are expected to focus on specific areas, notably calls for higher nationalised industry investment and resistance from spending Ministers to cuts in their programmes.

The Treasury's submission includes a paper with charts and graphs from Mr Terry Burns, the Treasury's chief economic adviser, who will attend the meeting to answer any queries.

The gist of the Treasury's analysis is that the economy has already reached the bottom of the recession—on this the Treasury is more definite than other parts of Whitehall—and that a gradual recovery should now begin.

The revised Treasury economic forecasts will not be ready in time for the meeting.

Treasury officials appear more optimistic than some City analysts about prospects for inflation despite the recent slide in sterling.

In particular, it is pointed out that a simple ready-reckoner adjustment for the fall in the pound may exaggerate the impact because of a more favourable trend of food prices, partly reflecting the workings of the EEC's Green Pound.

Moreover the dollar prices of some cheaper crude oils have fallen faster than the sterling exchange rate.

Consequently Whitehall officials do not seem to have given up hope of a single-figure rate of price inflation in 1982, even if the timing is uncertain and the existing forecast of an 8 per cent rate by the middle of the year now looks rather optimistic.

The suggestion earlier this week by Mr Francis Pym, leader of the Commons, that there should be a single-figure inflation rate by the end of this year is now regarded as out of tune with latest official thinking.

# Satellite TV group formed

BY CHRISTINE MOIR AND ELAINE WILLIAMS

BRITISH AEROSPACE and N. M. Rothschild, the merchant bank, have formed a joint company to launch Britain into the era of satellite television.

The two companies announced the formation of the Satellite Broadcasting Company yesterday. It will be five years at least, however, before viewers can expect television programmes beamed directly from space and only then if detailed plans prove it possible.

The plans have still to receive final Government approval. The partners hope to receive this in the autumn but could face competition from other companies or other systems. Then detailed commercial studies would be needed for what is expected to be more than £100m investment.

Direct broadcasting from space differs from conventional broadcasting in that the entire country and parts of mainland Europe can be reached by a single powerful transmitter on a satellite, in contrast to the network of hundreds required for earth-based broadcasting.

To receive satellite pictures in the home requires a 3 ft-wide dish-aerial. This would cost £200 to buy although a system of communal aerials connected to several homes by cable is possible.

British Aerospace and Rothschild said yesterday the new company planned to launch a system of satellites capable of

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# Closure of rail workshops will cut 2,065 jobs

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

ASHFORD rail wagon works, Kent, will be closed by British Rail Engineering (BREL) before the end of the year with the loss of 950 jobs.

A further 1,115 jobs in the company's 12 other rail-equipment workshops and factories are to be lost, by voluntary redundancies in the first place, British Rail said yesterday.

Blame for the closures and job cuts totalling 2,065 is placed on a lack of export orders this year and on a lower volume of repair-work for BR.

Rail unions, whose members have taken unofficial industrial action recently over cuts in the industry's services, criticised the BREL cuts and said it was a further indication of the pressing need for Government investment in the railways.

The largest union, the National Union of Railwaymen, which represents all but a few of the workers at the Ashford works, said that on the basis of its policy on no compulsory redundancies it would oppose closure of the Ashford plant.

The union recognised the serious position facing both BREL and its parent, the BR board. However, it blamed the Government's apparent reluctance to fund BR's proposed investment programme and said BR's engineering industry would deteriorate to such an extent that it would not be able to cope with any upturn in the economy.

Mr Ray Buckton, general secretary of Aslef, the train drivers' union, said the Government had to provide more money for investment if industrial action over cuts was to be avoided. A conference instruction to the Aslef executive to mount official action over cuts will be discussed by the executive on June 22.

The 34.5-acre Ashford site, with its 10 acres of covered factory space, is expected to be put up for sale to the private sector unless BR can find a use for it.

Ashford has been BR's main rolling-stock factory for serving export markets. Notable successes since 1977 included orders for Kenya, Tanzania and Bangladesh, for a total of 2,535 rail wagons, worth £76m in foreign exchange.

The closure of the Ashford works will cut BREL costs by £15m. The cut will contribute to BR's current contraction in the face of a slump in demand for rail services.

The contraction includes a cut of 5 per cent in passenger services already implemented in the new BR timetable, and a cut of £20m to £25m in the cost of Inter-City operations, with fewer trains expected to be available from the autumn.

In spite of these cuts BR is expected to lose £100m this year. It lost £76.9m last year.

Overtime has been virtually eliminated in all rail workshops since the start of the year. Workers in all the plants are on a four-day week.

Closure may mark turning point, Page 8

## P & O 'doubts' on future

BY ANDREW FISHER, SHIPPING CORRESPONDENT

PENINSULAR and Oriental Steam Navigation Company, Britain's biggest shipping group, has "considerable doubts as to what extent we should stay in shipping," Lord Inchcape, the chairman, told the annual meeting in London yesterday.

His comment, in reply to a question, came after he had outlined the worsening problems facing the shipping industry and warned of a fall in first-half profits.

P & O has already said it aims to reduce the proportion of its assets engaged in shipping from 60 to about 50 per cent.

Lord Inchcape said yesterday that P & O was "looking very carefully" at shipping involvement. "We have considerable doubts as to what extent we what extent we should commit very large capital sums to shipping at the moment."

Bulk shipping and general cargo are P & O's main profit-earners in shipping, with passenger services some way behind.

The fastest growth last year took place on the energy side, where the group is heavily involved in oil products sales and exploration in the U.S. The company is also heavily involved in construction.

Like other large shipping operators, P & O suffers from the general slackness of world trade, coupled with rising labour and other costs.

P & O, which raised pre-tax profits from £38.7m to £47.1m last year and hopes for a "broadly-maintained" result after tax in 1981, despite yesterday's warning of a first-half profits fall is involved in a dispute with officers on its proposed sale of four refrigeration ships.

Details, Page 24
P.O. officers peace plans, Page 10

# Israelis relive David and Goliath

By Anatole Kaletsky in Tel Aviv

LIVING IN Israel is rather like being a minor character in a James Bond novel. Military sensations, incredible scrapes with death and visions of Armageddon are a natural part of everyday life and conversation.

When a waiter tried to tell me in broken English on Monday night about the Israeli raid on the reactor near Bagbdad, the story that came out was that an Iraqi nuclear attack on Israel had been narrowly repulsed.

While I was stunned, my Israeli companions were unperturbed and calmly asked in Hebrew for the correct information. The Israelis live in a mental world where anything can happen.

To call this a seige mentality would, however, be quite wrong. The Israelis show none of the exhaustion or aparnoia that would be expected of combatants who have spent 40 years more or less in a state of continuous war.

The streets of Jerusalem and Tel Aviv feel as far from the front line as do the streets of Canberra or Nice. There is the odd security check and plenty of soldiers, but the bearded West Bank settlers, who can sometimes be seen swaggering around cafes and museums or even concert halls with their heavy rifles, look uncomfortable and incongruous.

Yet the Israeli civilians are not merely detached spectators in the military and diplomatic battles going on around them.

The thrill they felt on Monday after the Osirak raid had a quality of personal involvement which no mere spectator could possibly share.

Continued on Back Page
Other Middle East news, Page 4

Israel destroyed a secret atomic weapons development facility 120 feet under the ground in its air strike on Sunday, Mr Menachem Begin, the Israel prime minister, claimed last night. He said the secret installation was underground to hide it from International Atomic Energy Agency inspectors.

### £ in New York

| | June 10 | Previous |
|---|---|---|
| Spot | $1.9645-9600 | $1.9550-9600 |
| 1 month | 0.95-1.05 pm | 1.09-1.14 pm |
| 3 months | 2.25-2.35 pm | 2.40-2.50 pm |
| 12 months | 4.55-4.75 pm | 4.25-4.45 pm |

# Krupp managers soften plan for restructuring

BY ROGER BOYES IN BONN

THE supervisory Board of Krupp Stahl, the West German steelmaker, has approved a compromise restructuring plan, ending weeks of tactical manoeuvring between the worker directors, the Iranian Government and the group management.

The Krupp workforce—which is 50 per cent represented on the company's supervisory Board—had attempted to persuade Iranian shareholders to *reject an original* restructuring plan put forward by the Krupp management. Iran, which has a 25 per cent stake in Krupp, showed considerable sympathy with the workers' case.

In a supervisory Board meeting on Wednesday night, the Krupp management put forward a compromise formula. This retains the essential elements of the old plan to concentrate steel production in two rather than three plants, but cushions the *impact by dividing it into* two phases and coupling it with an investment programme.

The workers, management and Iranian shareholders seemed yesterday to be satisfied with this approach. The workers believe that the original idea to phase out 5,000 jobs will be *considerably watered down as a* result, and that jobs will go only through early retirement. The management emphasises that its aim of consolidating the production of crude steel and thus cutting costs has been achieved.

The Iranian directors, who include Mr Mahmoud Ahmad-Zadeh, the Industry Minister, are also understood to be happy with the arrangement.

The Iranians had initially objected to the Krupp plan at the last Board meeting on May 13, on the grounds that they needed more time to make a decision. The worker directors used *the delay to lobby the* Iranians who assured the workforce that mass redundancies were not in keeping with the principles of the Islamic revolution.

The worker directors believe that the approach to the Iranians, along with two large demonstrations, is what persuaded the Krupp management to soften its restructuring plan.

# Wages pact boosts Spain's stock markets

By Robert Graham in Madrid

**THE FOUR Spanish stock markets have registered unusually sharp rises over the last two days in a display of confidence that has caught *many by surprise*.**

**The Madrid Stock Market's general index has risen 15 points since the beginning of the month to 135.**

**Yesterday, the Madrid Stock Exchange, where the greatest volume of transactions occur, registered a 3.5 per cent increase. The rise was slightly higher in Barcelona and lower in Bilbao and Valencia. Although yesterday's movement in the index was below Wednesday's spurt of 4.4 per cent—the biggest since the Franco era—it was nevertheless considered high.**

**Analysts are attributing the sudden surge of buying to a complex interaction of factors. Since the beginning of the year bourse sentiment appeared to accept that the index had touched a bottom of around 100, and that many of the stocks were plainly undervalued.**

**This led to a discreet bout *of buying which began to* gather momentum in April when it became clear that some of the leading stocks, like the banks and utilities, had enjoyed good 1980 results. At the same time, institutions have found themselves with a certain amount of liquidity.**

**With a downward tendency in interest rates and the promise by leading stocks of good returns, the attraction of the *bourse—ignored for the past* two years—has begun to reappear.**

**The trigger to the present *surge has been this week's* signature by the Government, employers and trades unions of a social contract limiting wages to 9-11 per cent for 1982. This, coupled with the introduction next week of a bi-monthly settlement scheme permitting stocks to be purchased with only a 25 per cent deposit, has encouraged both the speculators and institutional investors.**

***Finally, because the stock* markets in Spain are basically very small and dominated by a limited number of large *companies, activity in a few* companies tends to have an exaggerated effect.**

Stewart Fleming assesses last week's bankers' meeting in Lausanne

# Optimism over Opec in the Alps

HIS EXCELLENCY Abdul-Aziz Al Quraishi, governor of the Saudi Arabian Monetary Agency, Saudi public official most directly responsible for investing the kingdom's oil billions, had some *reassuring words for* the world's financial markets last week.

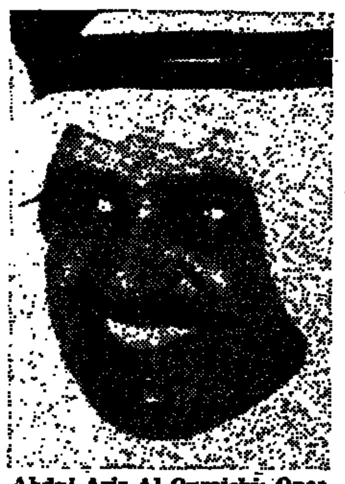
In the course of a conference *of the* world's top bankers in Lausanne's sumptuous Beau Rivage Hotel, Mr Al Quraishi raised the prospect that by the middle of the decade the huge Opec oil surplus, which hit over $100bn last year, could disappear. That would ease some of the pressures slowing *the growth and stimulating* inflation in the industrial world.

It would also reduce the burdens on the international bankers attending the meeting whose institutions have in the past two years been called on once again to "re-cycle" the Opec surplus to the better-off and more industrially advanced developing countries. In some cases, those banks' futures are now inextricably tied up with *the fate of their lending to* developing countries.

Mr Al Quraishi was not the only optimist among an assembly of the world's most powerful bankers. Since the quickening of the pace of commercial bank lending to the better-off developing countries, Mr Walter Wriston, chairman of Citibank, suggested that those who have been "investing a lot of intellectual capital in the pro*position that massive defaults* by less developed countries will cause a severe world financial crisis . . . have been proved wrong."

Even some of Mr Wriston's peers, however, were in private far from convinced, raising the question of whether some bankers are taking advantage of a slight easing of tensions in the market for developing country finance to try to *reinforce perhaps the most vital ingredient* underpinning the $200bn of loans commercial banks have outstanding to developing countries' confidence.

Only a few months ago, an optimistic assessment of the international financial outlook as it related to developing country debt would have seemed wildly improbable. In December, for example, Morgan Guaranty Trust's *authoritative* publication World Financial Markets said "Most observers do not project a significant decline in the *Opec surplus*" in 1981 and the years immediately ahead.



**Abdul Aziz Al Quraishi: Opec surpluses could disappear**

***Walter Wriston*: developing countries are able to adjust**

It claimed that the "second oil shock"—when prices more than doubled in 1979-80—was hitting the developing countries harder than the first, and that financing these oil-related *current account deficits* "will be more difficult this time."

Morgan Guaranty itself was among the first to revise its *earlier gloomy* outlook and, in the May edition of World Financial Markets, raised the prospect of a steady decline in the Opec surplus at least over the next two years, and possibly beyond.

Among the factors cited to account for the new projections are the 7 per cent decline in oil consumption in the industrial world last year and the expectations of a further decline this *year. Weakening demand has* already forced some producers to cut prices by as much as 10 per cent.

According to Mr Al Quraishi, however, another factor will reduce the surplus. He suggests that if the Iraq-Iran war ends and these countries increase production from current levels of around 2m barrels a day (b/d) then Saudi Arabia, and perhaps other producers, would *cut their production.*

The Opec surplus, he points out, is concentrated in only a few countries, Saudi Arabia and Kuwait in particular, while increased Iranian and Iraqi oil earnings would be spent on imports to rebuild war-damaged economies.

Many bankers *in Lausanne*, however, were not prepared to place too much confidence in the projections they were hearing. Memories of the chaos in the oil markets caused by the Iranian revolution at a time of tight supplies, and of the fears which erupted when the Iran-Iraq war broke out, are all too fresh in their minds.

Moreover, this week's heightening of tension in the *Middle East has cast that much* more doubt on assumptions that oil supplies will not be disrupted again. The bankers remember that, after stagnation between 1974 and 1978, oil prices surged from $13 to between $37 and $41 a barrel in 1980.

So they harbour doubts about the durability of the current oil surplus and contraction in demand, questioning how much of the latter is due to reactions *to the high price of oil and how* much to the weakness of the industrialised world's economies.

Thus, there are fears that history will repeat itself and that another price surge lies beyond the current respite. Against this of course, it has to be said that at least the oil producers are not being paid now in depreciating dollars.

Beyond the outlook for the oil markets there is also the ques*tion of the performance of the* developing countries themselves. One reason for the greater optimism about developing country debt cited last week by Mr Wriston and by Mr Willard Butcher of Chase Manhattan is Brazil's improved financial position. That has lifted a very heavy burden off the bankers' minds, at least for the time being.

Mr Delfim Netto, Brazil's Planning Minister, was able to project a trade balance for 1981 after last year's $2.8bn deficit and to reassure the bankers *that funds are again flowing in* satisfactorily. In the first four months of this year, he suggested, Brazil has covered half the *borrowing needs* required to reach balance of payments equilibrium.

The steps Brazil is taking are, according to Mr Wriston, further *evidence of developing* countries' ability to adopt domestic economic policies which help to adjust to higher oil prices.

For all the positive factors, however, plenty of scepticism can still be found among bankers who already feel uncomfortable with the extent of their financing in countries with uncertain economic or political prospects. As one banker remarked, the *succession of debt* problems and rescheduling tends of itself to erode lenders' confidence.

*Thus it* was argued that one reason why some bankers are painting a brighter picture of less-developed country debt is precisely because they are *aware of the danger of crisis* feeding on itself. Mr Henry Wallich, governor of the U.S. Federal Reserve Board, points out too that while the Opec surplus may be declining, the decline will largely be matched by a decline in the combined current account *deficit* of member countries of the Organisation for Economic Co-operation and Development—the "developed" countries.

*The prospect of slow* economic growth in these developed countries, and therefore weak export markets, will also make it harder for less-developed countries to reduce their current account deficits. High interest rates stemming from the anti-inflation policies of the U.S. and other industrial countries are also a heavy burden.

Morgan Guaranty estimates *that for the 12-country group of* major non-oil importing less-developed countries, gross interest payments in 1981 are likely to be $26bn, about 17 per cent of export values, double the average in the last half of the 1970s.

Others point out that even if the brighter outlook which now seems possible prevails, the developing countries will still require *heavy injections of new funds to maintain their develop*ment and that for this reason too it is unwise to come to the conclusion that there has, in the past few weeks, been a dramatic transformation in the financing situation of the developing countries.

The picture is not as black as it appeared to some *only* a few months ago. But, as one banker in Lausanne remarked: "If I was as heavily committed to *some of these countries* as Citibank, I would be painting an optimistic picture too."

# New leaders installed in West Berlin

By Leslie Colitt in Berlin

THE FIRST Christian Democrat Government, albeit a minority one, in 25 years, was elected by the West Berlin assembly as Herr Richard von Weizsäcker, the governing mayor, assumed of the *highest office*.

The choice of Herr von Weizsäcker, from the liberal wing of the CDU, was made possible only with the support of votes from the tiny liberal Free Democrat Party which had previously formed a coalition with the Social Democrats.

Last month's West Berlin elections left Herr von Weizsäcker just short of an absolute majority of votes. Several right-wing Free Democrats in the assembly decided to disregard the warnings of the left-wing majority in the party and voted for him.

Members of the newly-elected alternative List, a group of ecologists and left-wing former Social Democrats, provided the first of what are likely to be many more shocks to the assembly, when they began a debate on the qualifications of the new members of the city government. One AL deputy called Herr Heinrick Lummer, who is Herr von Weizsäcker's deputy, as mayor, a "*party whip* against basic democratic rights."

# Von Dohnanyi chosen as next mayor of Hamburg

BY OUR BONN STAFF

HERR Klaus von Dohnanyi, a *Minister of State* at the West German Foreign Ministry, has been chosen by the Social Democratic Party to be the next mayor of Hamburg.

The SPD, under political siege in many of its regional outposts, has thus once again chosen one of its more promising Ministers to plug a gap until State elections. A similar move was made recently by Herr Hans Jochen Vogel, formerly Bonn's Justice Minister—and tipped as a successor to Chancellor Helmut Schmidt—who was recently sent to be *mayor of West Berlin to fight* an imminent election. Herr Vogel lost the election to Herr Richard von Weizsacker, who was formally voted mayor yesterday.

A similar fate may await Herr von Dohnanyi early next year and by most accounts, he only grudgingly agreed to the nomination. The opposition Christian Democrats have a particularly weak foothold in traditionally SPD-Hamburg. But since Herr Hans Ulrich Klose, the former mayor, resigned over the Brokdorf issue, a controversial nuclear power plant, their fortunes have improved.

Herr von Dohnanyi's appointment leaves two problems. The first is that the Rhineland Palatinate is left without a top SPD candidate. Herr von Dohnanyi, apart from his role in the Foreign Ministry, was the main SPD challenger to the Christian Democratic Government of Rhineland Palatinate.

The second is the one *endemic to Hamburg. The local* SPD association opposes further construction at the Brokdorf plant, a symbol and rallying point for anti-nuclear protesters throughout the country. But Bonn would like to see the continued building of the plant because of its need to press ahead with a comprehensive nuclear programme.

Herr von Dohnanyi is thus caught in the dilemma of either *having to defy his local SPD* association or Chancellor Schmidt.

However, the choice, which has still to be approved by Hamburg later this month, does at least mean that Herr Hans Apel will stay as West German Defence Minister for the time being. Herr Apel had been given the task of finding a new mayor and found the resistance so high among top SPD poli*ticians that it looked as if he* would have to take over the job himself.

David Satter in Moscow examines the flaws in the Soviet Union's strategy on Poland

# Russia may have lost chance to invade

THE FAILURE of the Polish hardliners to oust Mr Stanislaw Kania, the Polish party leader, confronts the Soviet Union with the painful fact that it can no longer hope to change the course of events in Poland through any means short of an invasion.

Ever since the Polish crisis began, the Soviet authorities, unwilling to accept reform or to order an invasion, have sought an elusive "third option," in which a hard line Polish *leadership, backed by Soviet* military threats, steadily whittled away the Solidarity trade union's hard-won democratic gains.

The flaw in this strategy was the tendency of Mr Kania's moderate leadership to make repeated concessions to Solidarity and the failure of the Polish hardliners on Wednesday to remove the leader, apparently means that the new, more recalcitrant Polish leadership the Soviet authorities were seeking, will not come about.

The Soviet hope that a tiny faction of a minority party could impose its will on a well organised workforce without overt Soviet military support may always have been unrealistic, but it is now clear that if the Soviet Union is determined to suppress reform in Poland under *present circumstances*, it will have to act militarily and alone.

Well-informed Russians believe that the Soviet leaders have consistently underestimated the strength of Solidarity and its potential *for rapid* growth. As a result, they have repeatedly sought, as in the *March* beating incident at Bydgoszcz, to create belated tests of *strength which they hoped* the Polish Communists would win.

In a move to strengthen the hand of the Polish Communists in the Bydgoszcz confrontation and force the first real concessions from Solidarity, the Warsaw Pact not only staged prolonged manoeuvres on Polish territory but also banned Polish pilots from Warsaw Pact *airports on Polish territory*, a seemingly clear sign that an invasion was imminent.

Despite the intense psychological pressure created by the *manoeuvres and Soviet Press* reports that "subversive elements" had tried to take over a television transmitter, Solidarity gave way only slightly by agreeing to the *establishment of a commission to investigate the Bydgoszcz* beating.

The concession: moreover, was not definitive because the *failure of the commission to identify those responsible for the beatings led to further* strike threats last week.

When Mr Mikhail Suslov, the Soviet Union's chief ideologist, went to Warsaw in April, after the Bydgoszcz crisis, he reportedly intended to induce *the Polish Communist* leadership to do whatever was necessary to stand up to Solidarity. It was a measure of his apparent failure that, *shortly* after he returned to Moscow, "revisionist elements" in the Polish *party* were denounced in the Soviet press.

Against this background, the Soviet support in May for the virtually unknown "Katowice Forum" which *attacked* "*revisionism* and opportunism" in the Polish party from a "Marxist-Leninist" standpoint, and the Soviet letter to the *Polish party central committee* warning that the "very existence of the independent Polish state" was in danger, were only the necessary background to the *final attempt by the hardliner's* to seize power.

With the situation in Poland changing more rapidly than the Russians are apparently able to analyse it, there now appears very little time left for them to decide to crush the Polish experiment militarily, if that is their intention.

With Mr Kania pledged to continue the process of democratic reform, the option of reversing the tide of reform *with the help of pro-Soviet* hardliners has all but disappeared.

It may prove to have been the Poles' good fortune that the *months invested by the Russians* in seeking reliable Polish Communist allies were extremely critical. The growth and strengthening of Solidarity since *the crisis* began last August may mean that the time lost as the Russians sought a "third option" now makes the option of a full-scale military invasion untenable as well.

Happier days: President Brezhnev greeting Mr Kania in Moscow last year


# Stanislaw Kania: caught between hammer and anvil

BY CHRISTOPHER BOBINSKI IN WARSAW

FEW HERE doubt that the problems of Mr Stanislaw Kania the Polish party leader, are over. It is true he has survived a Soviet-prompted attempt to unseat him at one of the most dramatic central committee meetings the Polish party has witnessed since the short-lived *political liberalisation in 1956*, but, as the Polish leadership fully realised yesterday when they started to draft a resolution setting out policies following the meeting. The main question was how the Soviet Union *would react to the rebuff it has* suffered.

The attempt to oust Mr Kania failed because, in the final resort the former security chief was opposed by only those members of the central committee *who have already lost all other* party posts as a result of changes since the summer. He was backed by the large factory organisations, and the party first secretaries in the provinces who, since the democratic changes in the party, are more than ever accountable to their own rank and file. Last, but not least, Mr Kania got the votes of the army men in the central committee loyal to the Prime Minister *General Wojivcb Jaruzelski*.

It is clear, however, that Mr *Kania's main priority in the 32* days before the party Congress opens will be to produce a combination of words and deeds which will reassure the Russians that, despite everything, they can live with developments in Poland.

Mr. Kania's speech, delivered at *midnight, just before* Wednesday's meeting broke up, represents the first step in re-establishing contact with a Soviet leadership which has *virtually dismissed him as a man* incapable of anything else but "concession and compromise" in the face of the "counter revolutionary threat."

Another important gesture to the Russians was the fact that, by refusing to accept Mr Kania's proposed vote of confidence in the whole leadership, the central committee left the politburo intact. This *means* that Mr Tadeusz Grabski the hard-line member who called for the removal of Mr Kania retains his place.

Mr Kania, in his final speech, went so far as to appeal to party *members to elect the entire* present leadership as delegates to the congress.

The Russians cannot fail to note that Mr Kania's final speech contained pledges to remedy those developments which are causing the Russians anxiety. He promised more discipline in the party and an offensive in the mass media to combat anti-Soviet feelings in country. He said the radicals in Solidarity would be attended to and the union itself would, in future, have to set aside all *political ambitions. Attempts* to take over the authorities prerogatives would no longer be tolerated and loyal party and Government officials would be *defended*. The same went for the police, he said.

Mr Kania's prestige, in the party and the country at large, has undoubtedly grown over the past few days. Now that the Soviet letter has been published here, people will have a chance to see the pressures the Polish leadership is under. They will no doubt appreciate that, despite the Soviet-inspired move, Mr Kania is still in charge, the *congress will still be held on* the appointed date, and that the leadership has defended the democratic changes within the party and the policies of social reform.

The Russians, however, will be *looking for deeds as well as* words. No doubt there will be a tightening of freedom of expression in the media and, already, Mr Jozef Klasa, the enlightened head of the Press Department, has tendered his *resignation. Journalists here are* expected to accept the situation philosophically. Solidarity, however, will be more of a problem.

There will be those in the union who will argue that the whole affair was another Soviet trick to scare the nation back into deadening orthodoxy. The pressure on the authorities, they *will argue persuasively, should* be kept up and no concessions made. Others, too, will be indignant at the Soviet letter and will blame Mr Kania for not being more outspoken in his own defence. But it seems likely *that the union will avoid conflict*, at least until the party congress. Many people will have been convinced that, this time, the threat is serious.

*One test will be the trial of* Mr Leszek Moczoski and three other leaders of the Capitals Confederation of Independent Poland (KPN) a small anti-Communist group which is due to start on Monday. Freed from *pre-trial detention a few days* ago after intense public pressure, the four men have come to symbolise freedom of expression. For the Russians, on the other hand, the KPN is everything that is counter-revolutionary. As so often in the past nine months, Mr Kania finds himself on this issue very much between the hammer and the anvil.

**East Germany has indicated strong disapproval of the *Polish Communist Party's* refusal to bow to Moscow's demand that Polish leaders should be replaced by more orthodox Communists, Leslie Collett reports from Berlin.**

**The East German news agency ADN failed *to report* any of Mr Kania's remarks or those of his supporters at the emergency meeting in Warsaw of the Polish party's central committee.**

**A dispatch from Warsaw dropped Mr Kania's title of First Secretary, which amounts to a deliberate affront. ADN merely referred to him as "S. Kania," a form of address reserved for ex-party leaders.**

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# Republican leader hopes to succeed where Forlani failed

BY JAMES BUXTON IN ROME

SIG GIOVANNI SPADOLINI, leader of Italy's small Republican Party, today starts formal consultations to try to form a Government. He was given the mandate to do so yesterday by President Sandro Pertini, after Sig Arnaldo Forlani, who resigned on May 26, gave up the *attempt*.

Sig Spadolini is only the third non-Christian Democrat to be asked to form a Government since Italy became a Republic. *His two predecessors—one of* them Sig Ugo La Malfa, whom he succeeded as leader of the Republicans—both failed.

The Prime Minister-designate's first meeting is with the long-ruling Christian Democrats. Sig Flaminio Piccoli, the party secretary, said earlier the party has no intention of giving up the Prime *Ministership*, thereby being made to look guilty in the scandal over the P-2 masonic lodge which brought down Sig Forlani.

*Sig Rino Formica a leading* Socialist Party Minister, said yesterday Sig Spadolini could count on the Socialists' support. The Socialists are essential to *any coalition but are on difficult* terms with the Christian Democrats.

Premature general elections appear likely should Sig Spadolini *fail* to form a Government.

# Spadolini: a political healer

By Rupert Cornwell in Rome

EVER SINCE Italy's 41st post-war political crisis broke, the smart money has been betting that Sig Giovanni Spadolini *would be sent in "first wicket* down." At 6.30 pm on Wednesday, Sig Arnaldo Forlani, the outgoing Christian Democrat Premier, gave up the hopeless *task of trying to succeed himself*.

An hour later, President Pertini announced he would ask the 55-year-old leader of the Republican Party to become the third non-Christian Democrat politician to try to form a Government.

The previous two failed. The first was the late Sig Ugo la Malfa who, in February/March *1979, was given the impossible* mandate of trying to rebuild the broken alliance between Christian Democrats and Communists. In July that year, after the inconclusive general elections of the previous month, *it was the turn of Sig Bettino* Craxi, the Socialist leader. He foundered on the refusal of the Christian Democrats.

To read the Italian press, one might believe that national politics needs nothing less than a moral Hercules to cleanse its Augean stables. But, above all, a mediator is required, someone who can restitch that minimum of compromise between the feuding parties without which the country is virtually ungovernable, as recent events have *shown*. Few are better equipped for that than Sig Spadolini.

He is a Florentine and his previous career betrays a versatility worthy of a Renaissance man. He has held the Chair *of Modern History at Florence* University for many years and is an acknowledged pundit on Church and state in Italian history. Between 1968 and 1972 he was editor of Corriere *Della* Sera, the country's most *important daily paper*

His latest task is certainly his hardest. Sig Spadolini starts with the advantages of good relations with both Christian Democrats and Communists, and less than the average Italian politician's share of enemies. He is a political healer, rather than a warrior but in Italy's present political climate that may not be enough to carry the day.

## OVERSEAS NEWS

Terry Povey in Tehran assesses the series of actions which have virtually stripped Abolhassan Bani-Sadr of his power

# Iran's fundamentalists overwhelm their President

THE PRESIDENT of Iran, Abol Hassan Bani-Sadr spent yesterday closeted in his office with his advisers considering his future. In the street outside groups of Hezbullahis (literally members of the party of God), the militant street fighters for the Islamic cause, gathered to celebrate their victory. "Death to Bani-Sadr;" "The last American pawn has fallen,' they shouted. A policeman guarding the President's gateway has, in the past few days, become neutral in the dispute which looks more and more likely to end soon in Mr Bani-Sadr's dismissal or impeachment.

The decision of Iran's revolutionary leader, Ayatollah Khomeini, to dismiss Mr Bani-Sadr from the post of Commander-in-Chief of the Armed Forces came after a series of defeats for the President. One of his closest political associates has been forced to resign from the top job in the central bank, the newspaper he published has *been banned*, and parliament has insisted on passing legislation he strongly opposes which has had the result of further reducing his already limited powers.

Since Mr Bani-Sadr's inauguration as President, above, the differences between him and the fundamentalists have become irreconcilable

Despite all this, several of Mr Bani-Sadr's aides on Thursday were insisting he will not resign from the presidency, although one cautiously added: "Yet." His position now appears to be that he is a completely powerless *individual* elected by considerable popular support, much of which he retains.

The Ayatollah's decision to dismiss him from the armed forces post is an unequivocal statement of his lack of confidence in Mr Bani-Sadr. Can *we now expect that, should the* President not throw in the towel soon, action to impeach or dismis him will start.

As to why Iran's spiritual leader did not dismiss Mr Bani-Sadr from all his positions, the answer *probably* lies in the *Ayatollah's respect for Iran's* constitution. Although the President has tried to portray his disputes with his fundamentalist opponents as purely political, the fundamentalists have succeeded in claiming them as constitutional issues. Iran's 81-year-old leader is keenly aware that he has a limited time in which to see his Islamic Republic functioning before he dies. Thus, he insisted on the President sticking to the constitution. And for just the same reason has not dismissed the President.

One highly placed supporter of Mr Bani-Sadr put the question of the relationship between the two as follows: "The *strategic* line of the Ayatollah has remained constant and pro-fundamentalist from the very beginning, and there have been only practical shifts made from time to time in order to take account of the balance of forces in the country.

As all the various disputes within Iran intensified and polarised in recent weeks, it has become clear that the clash was not just between the President and the clergy but between Mr Bani-Sadr and Ayatollah Khomeini himself.

It has been Mr. Bani-Sadr who has insisted all along that he would avoid a fight with the Ayatollah. He has many times implied the existence of a clever manoeuvre which would enable him always at the last minute to evade the consequences of the basic differences *between himself and Iran's* leader. The state of confusion among many of the President's supporters now is a clear indication that they are still wait*ing to see what he* intends to do to try to save the day.

For most of the period since the Revolution Mr Bani-Sadr has presented himself as sharing essentially the same views on Iran's future and system of government as Ayatollah Khomeini and other fundamentalist leaders.

However, the differences have proved irreconcilable as they *have surfaced in recent months.* The gap between Mr Bani-Sadr and the fundamentalists is such that many feel that civil war would have been inevitable at *some point, had it not been for* the Ayatollah's presence.

In summary, the difference is that the President wants to see Iran as a nationalistic state bound by close political and cultural links to Western Europe, in which religion and state would be gradually separated. His opponents, led by the Islamic Republican Party, want a highly centralised *one party state* ("There should be no divisions among Moslems") in which the literal truth of Koranic *law* would be upheld and applied.

There is no indication yet of what course of action Mr Bani-Sadr *is* asking from his supporters. So far he *has* made no direct appeal at all. It is known, however, that staff in his office have been carefully monitoring the extent of public support for Ayatollah Khomeini *vis-a-vis* himself in recent months and it may well be that the conclusions they have drawn from these studies is that short of a bloody civil war little could be achieved by openly challenging the country's leader.

In Mr Bani-Sadr's struggle against the fundamentalists, he has attracted a wide spectrum of support, ranging from the remnants of Iran's well-to-do classes to the radical People's Mojahedin organisation, and including almost all nationalist, liberal and moderate group. The best organised and most substantial, the Mojahedin, have yet to commit themselves *to any definite course of action* after this week's events.

Perhaps they too, like many of Mr Bani-Sadr's advisers, are waiting, hoping, that "the people will act." They share with Mr. Bani-Sadr the view that the struggle *is now* with Ayatollah Khomeini, rather than with his followers in the Islamic Republican Party and like Mr Bani-Sadr, they may also be hoping that nature might soon solve this problem.

## Welcome for bank chief

**The appointment of Mr. Mohsen Nourbakhsh as governor of the Iranian central bank succeeding Mr Ali Reza Nowbari, is not expected to jeopardise the work of the Iranian-U.S. claims tribunal scheduled to meet on July 19 in The Hague, Richard Johns writes.**

**Proceedings may even go more smoothly, some international bankers think, because Mr. Ali Rajai's Government has a vested interest. Both President Abolhassan Bani-Sadr and Mr Nowbari, had criticised the terms of the Algiers agreement on the disposal of Iran's frozen assets, saying that the Government had "cheated" the country.**

**In other respects there is some apprehension about a religious radical, of whom little is known, heading Iran's central monetary authority. Mr. Nourbakhsh, who was formerly Deputy Minister of Finance, is on record as being in favour of abolishing bank interest charges, according to the Islamic code.**

**There is, however, little scope for friction with foreign banks as Iran has repaid its debts and the regime does not intend to raise any more external loans.**

Assets ruling, Page 6

# Chinese warning on eve of Haig visit

By Tony Walker in Peking

"OUR ONLY friend in the Reagan Administration." That *was the description given* recently to U.S. Secretary of State, Alexander Haig by a senior Chinese Foreign Ministry official. Although they may be well disposed towards him, however, the Chinese will not make things easy for Mr Haig when arrives in Peking at the weekend on a brief visit.

On the eve of his arrival, China's Foreign Ministry has issued an uncompromising statement, making it clear China is not prepared to bargain on the question of arms sales to Taiwan.

"It has been stated time and again that we would rather not buy any U.S. weapons, than agree to the U.S. continuous interference in China's internal affairs by selling weapons to Taiwan," a Foreign Ministry official said. "Should the U.S., defying our repeated vigorous opposition, continue to sell weapons to Taiwan, we will be compelled to make a strong response."

The Chinese statement was prompted by Washington reports suggesting the Reagan Administration was prepared to make a deal with China over arms sales. Administration officials appeared to be working towards a proposal which would allow balancing sales to each side. Pekings has now made it clear it is not prepared to travel down that road even before Mr Haig starts discussions with the Chinese leadership.

Peking is most exercised at the prospect of U.S. sales of an advanced fighter, described as the FX, to Taiwan. The Reagan Administration has delayed giving *the go-ahead* for the fighter project, most likely because of Chinese objections. However, Mr. Reagan is likely to come under strong pressure from his party's right wing to allow the sale to go ahead.

China has not spelled out its course of action if that were to happen, but there is little doubt the sale of the FX to Taiwan would lead to a serious deterioration in the Sino-US relationship. Peking's recent downgrading of its relations with The Hague because of the Dutch decision to allow the sale of advanced submarines to Taiwan was obviously meant as a signal to the U.S.

While China has rejected a possible compromise on arms sales, there is no doubt it would welcome a further modification of U.S. policy enabling it to purchase military technology.

The Chinese, even though they have little foreign exchange for the purchase of expensive military equipment at the moment, would almost certainly regard a U.S. offer as an important step forward in relations between the two countries.

According to Washington reports, the Reagan Administration has concluded that it is in the U.S. interest to advance its strategic relationship with China as a means of forging a more effective counter to the Soviet Union. Mr. Haig has backed this policy.

If Mr Haig is unable, however, to give an undertaking that the Taiwan FX sale will not go ahead, it is likely that the Secretary of State's visit will be less than a complete success. Peking, no doubt, has seen reports that the Pentagon has concluded that Taiwan does not need the advanced FX fighter to maintain strategic air superiority over China.

Mr Haig is also certain to be pressed on a range of policies over Southern Africa, Strategic Arms Limitation Talks and events in Indochina. China has expressed concern over what it *regards as a softening of U.S.* policy towards South Africa. It has also privately let it be known that it hopes the U.S. will not be deceived by Soviet offers to resume Salt discussions.

# Strike vote begins in S. Africa

By Bernard Simon in Johannesburg

A STRIKE ballot, the first legal one organised by a black trade union in South Africa, has begun among workers at the local subsidiary of Colgate Palmolive, the U.S.-based detergents and toiletries manufacturer.

The ballot is the culmination of a long dispute between the company and the Chemical *Workers Industrial Union, an* affiliate of the Federation of South African Trade Unions (Fosatu). The union claims that two thirds of Colgate's black workers support it, but the company has so far refused to recognise it for wage negotiations.

The ballot will be completed over the weekend. If the workers vote in favour of a walkout and the impasse with management is not broken, a strike will probably be called towards the end of this month, according to a union official.

Black workers have struck legally only once before in South Africa, at a factory belonging to Pilkington glass in 1976. A legal strike may only take place after a long "cooling off" period and specific efforts to mediate a settlement. The complicated and time-consuming procedure is one reason for the increasing number of wildcat stoppages in the past two years.

Meanwhile, it has been revealed that 30 leading black trade unionists have been detained without trial by police in recent weeks.

# Scientists say Iraq had bomb potential

BY DAVID WHITE IN PARIS

THE IRAQI research reactor which the Israelis bombed last weekend would have enabled Baghdad to produce nuclear weapons at the rate of one a year, according to a memorandum prepared by a team of three French scientists.

The authors, who are active in the anti-nuclear lobby in France, sent their report on the implications of the Franco-Iraqi co-operation deal to President Mitterrand and to M. Pierre Mauroy, the Prime Minister.

The memorandum, warning of "an atomic Sarajevo," was written before the Israeli attack.

It argues that the 70-MW Osirak reactor supplied by France could have provided the first link in the chain of weapons production. It flatly contradicts the position of the French Atomic Energy Commission (CEA), which maintains that safeguards would have prevented the Iraqis from diverting fuel for military uses and insists that they did not have adequate installations for fuel reprocessing to produce a plutonium bomb.

A CEA spokesman said yesterday that the scientists' conclusions did not "stand up" and that it was "totally improbable" that Iraq could have extracted the quantity of plutonium necessary for a bomb.

The memorandum's authors are academics attached to the French Government's National Scientific Research Centre (CNRS). They include a member of the Socialist Party's Energy Committee, M Jean-Pierre Pharabaud, who is also prominent in the Scientists' Group for information on Nuclear Energy.

The memorandum states that any attempt by Iraq to build a bomb would most probably have turned to the method involving a plutonium-based weapon rather than the diversion of enriched uranium fuel supplies.

A small quantity — believed to be 12 kg — of 93 per cent enriched uranium was sent by France last year to the smaller Isis test reactor in Iraq and a further batch was due to be added. This was to have been slightly irradiated in advance, making any diversion for military uses even more difficult.

The memorandum says that Iraq could, however, have produced several kg of plutonium per year by irradiating natural uranium used as fuel in the Osirak reactor. It cites recent supplies of uranium from Portugal and other sources and the possible co-operation of Libya in sending "yellowcake" for production of an "Islamic bomb" by this process.

The report recognises that the separation process to treat the irradiated natural uranium would require large-scale installations, but says that the Iraqis could have built a secret reprocessing facility based on the laboratories set up at the Baghdad research centre

# Arms buck passed to Congress

By David Buchan in Washington

**PRESIDENT Ronald Reagan's decision to withhold the shipment of four F-16 jets to Israel is considered far more as a cosmetic gesture to keep an appearance of balance in U.S. policy in the Middle East than as boding any drastic cut-off in Israel's arms supplies.**

**But it was quite impossible for the White House to duck the issue of whether Israel's use of U.S.-made aircraft violated the U.S. conditions of sale. The Reagan Administration's ire at being caught nastily by surprise, just when the sensitive Habib mission was resuming, showed in the Wednesday letter from Mr Alexander Haig, the U.S. Secretary of State, to Senator *Charles Percy, the Chairman* of the Senate Foreign Relations Committee acknowledging that "a substantial violation" of U.S. export law may have occurred.**

**The Administration clearly hopes that a mild public fuss in the U.S. will deter Israel and other recipients of U.S. arms from playing fast and loose in the future with U.S.-made weapons.**

**That said, the Administration has clearly now passed the buck to Congress in the hope that that body with its infinite ability to stall or muddy the issue will resolve the matter one way or another. The Haig letter counts as the Administration's report to Congress**

# Israelis repeat self-defence claim in protest over aircraft move

BY DAVID LENNON IN TEL AVIV

ISRAEL HAS described as "unjust" the American decision to postpone the delivery of four F-16 fighter aircraft, which were due to arrive in Israel today, while the U.S. checks whether Israel violated arms exports controls by using U.S.-built aircraft in Sunday's attack on the Iraqi nuclear reactor.

The Foreign Ministry spokes*man said yesterday that Israel* had tried for five years to persuade France not to provide Iraq with a nuclear weapons capability. It was only after failing to halt the programme through diplomatic channels, that Israel was forced to act in self-defence.

Mr Mordechai Zippori, the deputy Defence Minister, said that despite the unprecedented *step taken by Washington, he* believed this was the result of a misunderstanding and that in the long run U.S.-Israel relations would not be harmed. He claimed to be unaware of any restrictions on the use of aircraft bought from the Americans: "Israel would not buy the aircraft if it had to seek Washington's permission before they were used," he said.

*Other military officials said* that there is no clause in the agreement on the sale of F-16s restricting their use. Such a clause had been inserted into contracts for the supply of ammunition, but they pointed out that the bombs used to destroy the reactor were made in Israel.

**President Hasez Assad, the Syrian leader, was quoted yesterday as saying he would meet Mr Philip Habib, the U.S. special envoy charged with defusing the crisis between Syria and Israel over Syrian missiles in east Lebanon, despite Arab fury at Israel's attack on the Iraqi nuclear centre last Sunday, James Buchan writes.**

A temporary delay in the transfer of the F-16s is not seen here as causing any major inconvenience to the Israeli Air Force. Officials here said that Israel would be willing to co-operate with the Americans in studying whether or not Israel had infringed the U.S. Armed Export Control Act. They were certain that after such a review the aircraft would be delivered

**Ihsan Hijazi reports from Beirut:** President Ronald *Reagan's decision to suspend* delivery of the aircraft will win him little or no favour in the Arab world, where it is seen as an attempt to pre-empt a strongly adverse reaction.

The U.S. has been accused of collusion with the Israelis in the raid. Palestinian guerrilla leader Yasser Arafat said the operation has been worked out jointly by U.S. and Israeli military officers.

The move came on the eve of an emergency meeting by Arab Foreign Ministers called by the Iraqi Government. Newspapers here and in the Gulf said that the time had come to tell Washington to discontinue its unqualified assistance to the Jewish state, failing which the Arabs must apply sanctions against the U.S.

Beirut's leading Leftist daily, As Safir, yesterday claimed that U.S.-operated Awacs radar aircraft in Saudi Arabia charted the route Israeli jets took over Saudi territory to Baghdad.

As Safir, known for its support for Libya, said that Libya is expected to be the next target of aggression, and that Egyptian and Sudanese territory will be used as jumping-off point.

**James Buchan adds from Beirut:** The charge will embarrass Saudi Arabia, which broke off relations with Libya last year after a much less *damaging attack* concerning the Awacs. The kingdom will be hampered in its efforts to moderate the response of the Baghdad meeting towards the U.S.

# F-16s: 'violation may have occurred'

THE FOLLOWING is the edited *text of a letter sent on* Wednesday by Mr Alexander Haig, the U.S. Secretary of State, to Mr Charles Percy, chairman of the Senate Foreign Relations Committee.

The Department of State has learned that on June 7, 1981, the Government of Israel carried out an air attack against a nuclear reactor under construction in Iraq.

Israeli Air Force units taking part in this attack were reportedly equipped with defence articles that had been furnished to Israel by the United States under the *foreign* military sales *programme including* F-15 and F-16 aircraft.

Sales to Israel under the foreign military sales programme are governed by a mutual defence assistance agreement of July 23, 1952 which says: "The Government of Israel assures the United States Government that such equipment, materials, or services as may be acquired from the United States . . . are required for and will be used solely to maintain its internal security, *its legitimate self-defence*, or to permit it to participate in the defence of the area of which it is a part, or in United Nations collective security arrangements and measures, and that it will not undertake any act of aggression against any other state."

In these circumstances, I must report on behalf of the President that a substantial violation of the 1952 agreement may have occurred.

While our discussions with Israel continue, and while your committee is considering this *matter, the President has* directed the suspension for the time being of the immediate shipment of four F-16 aircraft *which had been scheduled for* this week. AP



ZIA OFFERS PEACE

# India and Pakistan hope for a new era

BY K. K. SHARMA IN NEW DELHI

PRESIDENT Zia-ul-Haq says he is willing to sign a "no war" pact with India as soon as New Delhi invites him to. That invitation, sought without success by India for the past 30 years, is a measure of the new relationship emerging between the two countries.

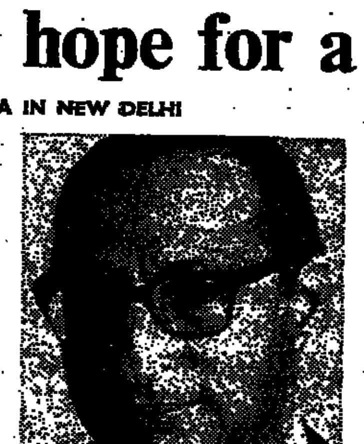
Leaders of both countries are hoping that a new era in India-Pakistan relations has been initiated following this week's talks between their Foreign Ministers. President Zia told Indian reporters that he wanted a "tension-free" situation and an "open-door" policy on the borders.

Yet it must be remembered that India and Pakistan have been antagonists since the partition of the sub-continent in 1947 and have gone to war three times. The portents are hopeful for "normalisation," but progress towards an easy, good-neighbourly relationship must necessarily be slow.

Sceptics argue that not much should be read into the Islamabad talks and that the realities of Indo-Pakistan confrontation will soon set back the normalisation process. Mrs. Indira Gandhi the Indian Prime Minister, continues to talk of "war clouds" over Pakistan and it is in the interests of President Zia's military regime to ensure the continued superiority of the armed forces. Yet even the pessimists admit that a new relationship is possible, given the political will.

Russia is unlikely to be happy over the outcome of the Islamabad talks, especially as it is known that Mr Zhao Ziyang, the Chinese Prime Minister, put pressure on President Zia to make peace with India. Mr Zhao made no reference to Kashmir, long the subject of dispute between India and Pakistan, when he was in Pakistan last week and spoke hopefully of a new Sino-India relationship. It is possible that when Mr Huang Hua, the Foreign Minister visits New Delhi on June 26, he will also offer India a peace package.

Much remains to be done if the process of normalisation is to be pushed ahead. A summit between Mrs Gandhi and President Zia is on the cards, as the Pakistani leader hinted when he said he would visit New Delhi as the first opportunity. Such a meeting should give impetus to the *initiatives taken* this week, notably those on func-



Mr Agha Shahi . . . optimism

tional co-operation in the form of freer travel across the borders, cheaper communications *and increased* trade.

A new trade agreement is now to be discussed in which Pakistan will try hard to ensure that India does not get the better deal because of its large and diversified industrial base. The two countries are each other's natural markets and greatly increased trade should be the main tangible result of the Islamabad talks.

*Yet many differences remain,* including views on the Soviet threat from Afghanistan, the role of the U.S. in south Asia and the acquisition of U.S. arms by Pakistan, talks on which began with the U.S. in Islamabad yesterday. All these were discussed between Mr Narasimha Rao, the Indian Foreign Minister, and Mr Agha *Shahi*, the Pkaistan Foreign Minister. The hopeful sign is that they chose to disagree in private rather than openly air their differences.

If the new relationship does diminish tensions it will mean changes in both India and Pakistan. Possibly the most distant, but inevitable, consequence is the formal acceptance by both of the status quo in Kashmir, the main bone of contention and the cause *of three wars.*

A realisation in Islamabad that Kashmir is a closed chapter may have brought about the prospect of rapprochement. For the present, Kashmir is just not being raised.

A formal acceptance of this could lead to a reduction in the strength of the armed forces of both countries. If the agreement not to use force to settle disputes is translated into practice, partial disarmament is a possibility.

هكذا من الأصل

Unruliness rules among the Democrats of Capitol Hill, says **David Buchan** in Washington

# 'Hang down your head, Tom Foley'

RONALD REAGAN has been making Tom Foley's job a misery of late. Mr. Foley is the chief Democratic whip, with the task of trying to ride herd on his party's nominal majority of 52 in the House of representatives. But the President keeps rustling away conservative Democrats who are themselves naturally drawn to the Reagan philosophy. "More like being whipped than whipping," says Mr Foley ruefully.

The Reagan divide-and-rule tactic worked spectacularly for him in last month's vote on the first 1981/82 budget resolution. No fewer than 84 Democrats (61 from the south) deserted to the Reagan standard. The White House is deliberately trying the same rule on the tax cut issue, throwing in increased tax exemptions for oil royalty earners in an unsubtle attempt to capture southern Democrats.

Of course, the Democratic Party has split on similar lines before. In the 1960s, "Dixiecrats" parted company with the national Democratic leadership on race and civil rights. But on that issue there was less temptation to climb into bed with the Republican Party of Abraham Lincoln than there now is on conservative economic issues.

Conservative Democrats have recently formed formal caucuses in the House (47 members) and the Senate (14) to air their

grievances and plot strategy. On the key issues of public spending and tax cuts, they have taken to consulting the White House before their own nominal party leaders.

The problem for Democratic Party leaders is partly one of numbers. Party discipline has never determined in the U.S. whether governments stand or fall as in Europe's parliamentary systems. Thus, by foreign standards it is staggeringly lax. Last year, for instance, a majority of Democrats voted *against a majority of Republicans* only 41 per cent of the time. Mr. Foley says that 30 or so House Democrats have in the past two years always defected on economic issues.

Defections on this scale made no difference when the party had bigger safety margins. Now, with the loss of the Senate and only 27 votes *tipping the balance* in the House, they can be disastrous, particularly since Mr Reagan has had his party marching in tight formation. Only one Republican in the House opposed the President on the budget.

The other problem is that the Democrats—now they have lost the White House—have no clear leader: Jimmy Carter has retreated to his Georgia tent, Edward Kennedy and Walter Mondale are concentrating on not making a wrong step for 1984, leaving the Democratic leaders on Capitol Hill. Senator Robert Byrd and Mr Tip O'Neill, the Speaker of the House, exposed at the top for the first time. Both men came to their leadership jobs when Mr Carter entered the White House.

Allied to this is the party's indecision whether to fight Mr Reagan trench by trench and uphold its social ideals, or to give him the run of the field in the hope that he hits a political landmine. The dilemma is very real on the economic issue: the big Reagan budget deficits could destroy the Administration, but they could also force Congress into more surgery on cherished social programmes.

Knowing both Washington and Westminster, Mr Foley speaks slightly wistfully of the "three-lin whip" powers his British counterparts possess. But he doubts that more leather would lead to greater discipline on Capitol Hill.

"The culture in Congress no longer encourages party discipline," he says, noting that the

**'More like being whipped than whipping,' says Tom Foley, left.**

1968-76 reform era in the Democratic Party removed many of the rewards and penalties the leadership could use. Committee chairmen must now be elected by the Democratic rank and file, not chosen from on high or by seniority. Mr Foley is himself well aware that he can keep his whip's job only by staying popular with his peers.

Rebel Democrats can vote with Mr Reagan as often as they want, and will not be stripped of party rank or affiliation, unless they defy the party on *some procedural issue—such as* election of a speaker—or actively campaign for the other party's presidential nominee, as some Democrats did for Mr Richard Nixon in 1968 and Senator Barry Goldwater in 1964.

Otherwise, it is almost impossible to be thrown out of the club. Mr Foley heads a whip's organisation which numbers about 45 but "our job is as head-counters, not head-breakers."

Mr Reagan, with his cross-party appeal to conservatives, may speed up the re-alignment of U.S. politics. Parties with more *ideological* coherence would be easier to whip. But Mr Foley is not at all sure U.S. parties should be aligned purely on ideas.

Senator David Boren, a southern Democrat from Olkahoma, believes "that by voting conservative" we are really performing a service to the party by showing that "there are Democrats who think like us."

## More than 200 die in Salvador volcano battle

SAN VICENTE—at least 225 Left-wing Guerrillas and 14 Government soldiers are reported to have died in a week of bitter figting on a volcano 40 miles east of San Salvador. Army officers estimate that the battle which is still going on on the Chinchontepec volcano, near San Vincente, could last two or three more days.

It is believed to be the biggest military action to take place in El Salvador since the guerrilla offensive which failed in January.

People living near the volcano estimate that about 800 guerrillas are in the area. A week ago the Government sent in about 1,500 troops, backed by aircraft and artillery.

Guerrilla reports broadcast by Radio Havana say the army's losses in the battle are higher than admitted by the military in San Salvador.

Meanwhile, police in the capital have reported that at least 12 young men have been found hacked to death by machetes this week. The method of killing is a trademark of right-wing death squads who hunt down left-wingers.

## Transfers row threatens early end to U.S. baseball season

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

BARRING last -minute settlement, America's great national summer sport of baseball will *come to a sudden halt this afternoon,* a third of the way through its current season, whe through its current season, when the players pack up their bats, gloves and spikes and withdraw their labour.

The dispute between the 650 major league players and the owners of the 26 first-class teams is of mind-boggling complexity and has no apparent relevance to any other sector of commerce, of which baseball is undoubtedly one, unless it be to prove that free markets do not always operate to the advantage of all parties.

In essence the owners are *demanding that when a player* becomes a "free agent"—that is, when he has played out his contract with one team and offers his services on the free market and is signed by another—the team which loses him should be automatically entitled to compensation in the shape of players from the team which signs the free agent.

To the players, this smacks of a return to the bad old days of "involuntary servitude," before 1975 when a federal judge approved of the free agent principle. Before that team owners could transfers players at the drop of a hot dog.

Labour relations in baseball have grown progressively worse in the past decade. Twice before, in 1972 and last year, the players have staged brief strikes over pay and pension problems. Two years ago, umpires walked out over travelling allowances.

It is hard to avoid the conclusion, in this instance, that the owners brought troubles on their own heads. Nobody disputes that one of the main *problems for baseball teams is* the level of player salaries and that this has been caused by the predatory practices of the owners in the free agent market.

Since the 1975 decision, the average salary of a major league player has tripled to about $170,000 a year. Some of the contracts signed have been astronomical. Dave Winfield, now of the New York Yankees, could earn as much as $23m over the life of his present 10-year contract and is receiving $1.4m this year alone.

In spite of baseball's ever-growing spectator appeal and increased revenues from television, the office of the Commissioner of baseball estimates that only about 10 of the 26 teams made money last year. To some owners, a loss may be immaterial, even convenient given their other investments.

But the disparity between the teams is enormous. The wealthiest teams, like the Yankees, under the idiosyncratic ownership of Mr George Steinbrenner, have simply bought success with money, while the poorer have been squeezed out of the game.

Now, it seems, the owners have come to realise the economic folly of their excesses in the free agent market. But, in seeking retrenchment, they have found the players reluctant to sacrifice the great financial gains they have made.

## Early ruling sought on Iran assets

By Our Washington Correspondent

THE U.S. Government has asked the *Supreme Court for a ruling* within the next month on the disposition of $2.2bn in official Iranian assets which U.S. banks still hold in their domestic vaults.

The move was made in the form of a petition filed late on Wednesday to accelerate the court's consideration of the case as most urgent.

At issue is President Carter's agreement to hand over the last of Iran's assets by July 19 in exchange for the U.S. hostages, and whether he had the right as President to nullify thousands of claims against those assets which had been filed by U.S. companies. The U.S. Government has won a number of court cases on this, but now desperately wants a definitive ruling by July 19 to settle the rest.

Just as the Reagan Administration would like to dispose of the assets issue quickly, so would Iran which stands to regain that part of the $2.2bn which is not paid out in compensation claims to U.S. companies by an international tribunal. The tribunal which is to get at least $1bn with which to pay out claims is to sit at The Hague

The Supreme Court has not yet said it will agree to rule on the assets issue on an accelerated basis. But if it does, that will automatically bring to a halt all other litigation on the issue while judges wait for the highest court to speak. The petition to the court also has the effect of suspending the recent U.S. Treasury order requiring banks to hand over the $2.2bn by June 19, a Treasury lawyer said yesterday.

The Treasury had ordered banks to hand the money over to the New York Federal Reserve, so that it would have a month to transfer it to a special *escrow account at the Bank of* England in London. There the money would be split, with at least $1bn being earmarked for the Hague tribunal's use, and the rest returning to Tehran.

But no U.S. banks have so far complied with the Treasury order. Instead, 10 major New York banks including Chase Manhattan, Citibank and Manufacturers Hanover have joined the U.S. Government in seeking a speedy ruling from the Supreme Court. They complained that they were being "caught directly between conflicting mandates of the judicial an dexecutive branches."

## Koch bids to become a New York legend

BY IAN HARGREAVES IN NEW YORK

IF I AM not re-elected, I promise you one thing. I'll get a better job and you won't get a better mayor.

That was Ed Koch, Mayor of New York, already on the electoral stomp back in November at a routine lunch meeting. This week, when the mayor formally announced his intentio nto seek re-election in November, there is no organised body of New York opinion to challenge his self-assessment.

Mr Koch, a 56-year-old Democrat, may well be the most invincible politician in major *office in the* U.S. He will almost certainly enter the November election as the official candidate of both the Democratic and Republican parties, although he will have to fight primaries for both nominations.

His main opponents look like being Mr John Esposito, a Republican assemblyman from Queens whose *right-of-the-party* views will probably gain him the backing of the Right to Life Party and the Conservative Party. Mr Esposito is also expected to challenge Mayor Koch for the Republican nomination, but the big wheels in the Republican machine are already turning for the mayor.

If Mr Koch succeeds in getting the formal backing of both major parties and winning, he will be the first mayor in the *history of the city to have done so.*

Another record the mayor is out to equal is that of length *of service.* He has made it clear that he intends to seek at least two more terms, a three-term total which would match the records of Robert Wagner, mayor from 1954 to 1965, and Fiorello La Guardia, the city's chief executive from 1934 to 1945.

Mayor Koch already has something approaching legend status among most New Yorkers. A bachelor who still keeps a small apartment in Greenwich Village, where he had his political origins on the liberal side of the Democratic Party, he has *alternatively chided and soothed* his constituents in the past *three and a-half years with a* carefully formulated mixture of rudeness, wit, hilarity and political cunning. As a result, his mistakes have been glossed over almost as jokes.

His great achievment has been to balance the city budget for 1982, dispelling recent

Mayor Koch: "unassailable"

memories of fiscal chaos, although sceptics charge that this is more a result of a booming local economy.

*The biggest single reason for* apparent invulnerability is probably his personality. New York lore is now rich with the mayor's sayings, many of them delivered as ice-splintering asides at otherwise stuffy establishment functions. Perhaps the one that sums up the style best was when his mayoral car was ticketed while an adjacent illegally parked limousine was ignored. "I am not peeved. I am not annoyed. I simply cry *out for justice,"* said the mayor.

Koch is, at base, the essential New Yorker. Unyielding as concrete and glass when he's driving hard, vulnerable and romantic behind the facade. He is also politically very clever.

He backed Jimmy Carter but was to be found making savage digs as Mr Carter's ship began to sink last autumn. He has assailed the impact that the Reagan Administration's economics will have on the city, but has kindled a fellow-feeling with the President on common-sense waste-cutting.

The Village Voice, the most effective channel of liberal opinion on city affairs, recently analysed Koch's record and concluded that except for the fire department and possibly education, all services were worse now than under Mayor Abraham Beame, whom Koch defeated in 1976. "Yet the voters threw Beame out of office and Koch is still the most popular politician around," the paper added.

JAPANESE CAR SALES

## The EEC market tightens

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

JAPANESE CAR exporters are now holding back sales or being deprived of access to all the EEC national car markets except Denmark, Greece and Ireland. These three small countries have no car manufacturing capacity of their own; the other seven members of the EEC have a local industry.

The Japanese have chosen this week to exercise restraint on the markets of West Germany, Belgium, Luxembourg and the Netherlands rather than endure the increasing hostility of the European car industry, a variety of national governments and the European Commission.

But Japan has refused, except in the case of Belgium, absolute sales cuts and there has been no indication from Tokyo that the Government is prepared to contemplate any more concessions in the car sector.

The timing of the restraint arrangements is linked to the European tour of Mr Zenko Suzuki, the Japanese Prime Minister, and the preparations for the Ottawa economic summit of industrialised nations, to be held next month.

Japanese car exports have become the focal point for more general grievances in Europe and North America about trading relations with Japan. These grievances are based on aggressive Japanese selling in a narrow range of sectors and the perception that the Japanese import market is not as open as it should be.

**JAPANESE CARS IN THE EEC**

| | Market share 1st quarter 1981 | Market share 1st quarter 1980 | Market access |
|---|---|---|---|
| Belgium/Luxembourg | 29.2 | 20.4 | 7% reduction on 1980 |
| Denmark | 30.0 | 27.4 | Open |
| France | 2.26 | 2.37 | Share held to 3% |
| Greece | | | Open |
| Ireland | 35.1 | 33.4 | Open |
| Italy | Not applicable | | 2,000 units annually |
| Netherlands | 28.2 | 22.4 | Holding at 1980 level |
| UK | 11.3 | 9.2 | Share held to 10% |
| West Germany | 10.4 | 9.2 | 10% annual growth rate |

*Source: Society of Motor Manufacturers*

European car manufacturers tried last year to work out a united stand on Japanese car sales. But the catalyst for the recent accumulation of pressure at national and EEC level on Japan was the Japanese decision to cut exports to the U.S. this year by 7.7 per cent.

Fears of a diversion of some 400,000 cars to Europe over the next two years led the EEC to demand "analagous" measures. In effect this meant a call for restraint in Germany, where it has been agreed to keep annual sales down to 10 per cent, and Benelux.

Denmark, Greece and Ireland, all comparatively small markets, were not interested in restraint. France unilaterally bars Japan from taking more than 3 per cent of the market. Italy has an almost total ban on Japanese car imports. The UK has an industry-to-industry agreement holding Japanese cars back to 10 per cent of the market although this has been exceeded in the first quarter of this year.

In the face of these increasingly controlled markets, the impact on the Japanese manufacturers is uncertain. But the first indications are that increasing efforts are being made to penetrate other markets.

Significantly, car sales in South East Asia, Africa and South Africa during the first quarter showed increases over the same period of 1980 of respectively 42, 82.5 and 93.1 per cent.

The importance to the industry is clear. When, last year, Japan exported 3.9m cars, total production was 7m. Total vehicle exports were 5.9m out of total production of 11m.

## Knowhow exports top imports

BY DAVID DODWELL, RECENTLY IN TOKYO

JAPAN'S EXPORTS of technological knowhow in 1980 overtook the cost of new imports for the first time in its past-war history, according to a survey published this week.

The survey by the Japanese Economic Journal was of 638 leading companies. It showed that the balance of new overseas trade in technology—mainly the sale or purchase of royalties or licences—was in surplus of Y17.1bn (£38.6m). This compares with a deficit of Y16.4bn in 1975.

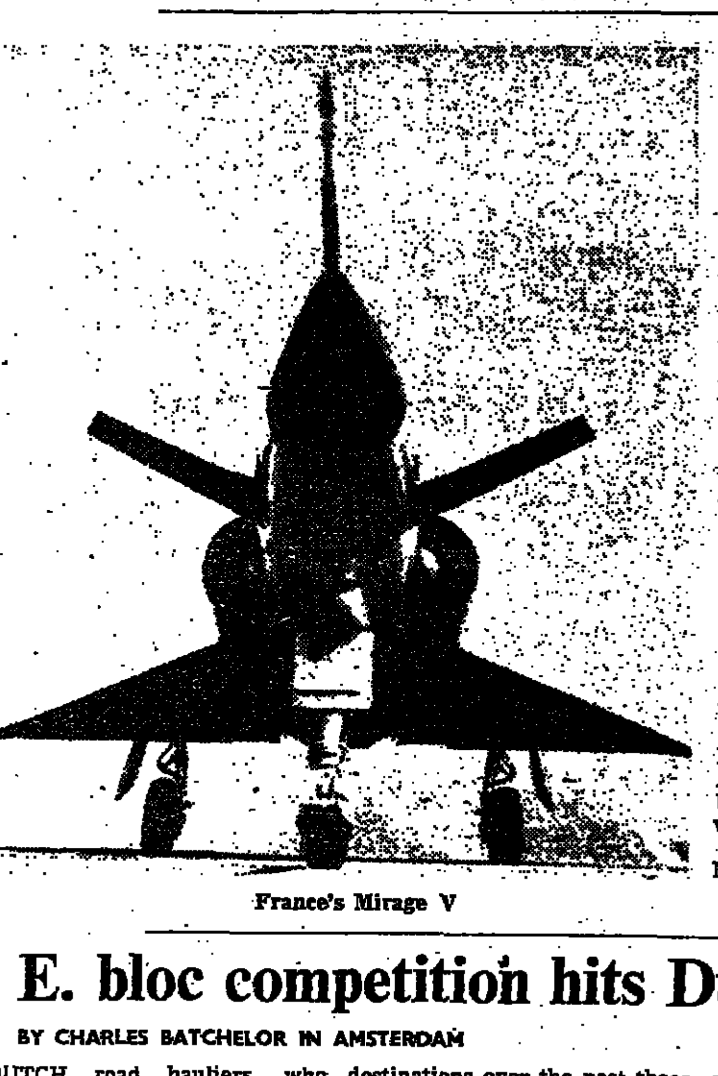
Japan's efforts to modernise its industries since the second world war have involved huge investment in new technology, bought from countries such as the U.S., West Germany and the UK.

As a result, it has always carried a large deficit in knowhow. Even now it is thought to be in deficit to the U.S. and West Germany, but the rapid increase in sales of technology to developing countries—particularly in South-east Asia and China—has evidently transformed the picture.

The survey showed that trade in technology totalled Y232bn in 1980. If sales of technological knowhow between domestic companies is excluded, overseas trade totalled Y175.3bn.

Technology sales to companies overseas rose to Y96.2bn, more than double the 1975 figure of Y42.2bn. In the same period, purchases rose by 36 per cent to Y79.1bn.

Main export growth has come in technologies linked to the chemical industry, electrical and electronics industries, steel and transport.



France's Mirage V

## Egypt 'buys 16 Mirage fighters'

By David White in Paris

EGYPT IS understood to have ordered a further 16 Mirage fighters from France's Dassault-Breguet aircraft company in the first major arms export contract to be approved by the new Socialist Government. The aircraft are said to be Mirage-Vs adapted for tactical support.

However, the Defence Ministry refused to confirm the deal yesterday, saying that any announcement would be left to the client government.

The deal was negotiated under the previous administration and is believed to have been concluded last week.

The reported order follows Egypt's recent purchase of 30 Alpha-Jet fighter-trainers, made by a Franco-German joint venture.

Egypt has Mirage-IIIs and Mirage-Vs in different versions.

## E. bloc competition hits Dutch hauliers

BY CHARLES BATCHELOR IN AMSTERDAM

DUTCH road hauliers, who account for about a third of EEC road transport, face growing competition from East European countries. East bloc hauliers charge unrealistically low prices to make hard currency earnings, said Mr Dick Hooykaas, chairman of the Netherlands International Road Haulage Organisation (NIWO).

East bloc hauliers have quadrupled their share of business on routes between the Netherlands and non-Communist destinations over the past three years. Bulgarian companies have taken a considerable share of trade to the Middle East and Austria.

Western companies do not have free access to the market in countries such as the Soviet Union. Business they get is not attractive and it is paid in non-convertible roubles, Mr. Hooykaas said.

Even within the EEC, international hauliers face difficulties. Border delays cost European hauliers an estimated Fl 2bn (383.5m) annually. Improvements should be made at all major West European border crossing to allow faster freight handling, he said.

He was critical of quotas on transit traffic imposed by countries such as France and West Germany and of the additional taxes levied on Dutch hauliers in Austria, Italy, Yugoslavia, Norway, Poland, Sweden and Turkey.

**Andrew Fisher** analyses the developing countries' move to phase out open registry shipping

# Unctad vote may mean end of the line for flags of convenience

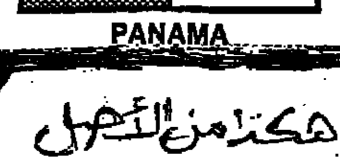
IN THEIR determination to *start hauling down the flags of* convenience handily provided by Liberia and Panama for shipowners, the developing countries have given an uncomfortable jolt to the world's industrialised nations.

By discarding the usual conventions and going for a vote instead of a consensus result, they ensured that their views against such flags would win out, at least on paper, at the special session of Unctad (United Nations Conference on Trade and Development) which ended in the early hours of Saturday morning in Geneva.

By a large majority, swelled by the addition of the Communist countries and opposed by the West, the Group of 77 (representing the developing world) voted that flags of convenience, or open registries, should be phased out.

Whether they will is a different matter. About a quarter *of the world's merchant fleet* flies such flags, which bring considerable tax and crewing advantages for shipowners, mainly from the U.S., Hong Kong, Greece and Japan.

Certainly, the language of the final resolution was a lot tamer than some of the arguments used during the Unctad meet*ing. Before any international* agreement, which could be many years away, other UN sessions will also have to be held.



PANAMA

The head of the Liberian de*legation at the Geneva meeting,* Dr Rocheforte L. Weeks, said in London yesterday: "I'm not unhappy with the outcome, although we must keep alert and watch the road ahead."

With nearly 80m gross registered tons under its flag, Liberia has more than twice the tonage of Panama and thus has by far the world's largest fleet sailing in its name.

Developing countries with a coast and important commodities to sell are angered at open registries because they feel these hamper the growth of their own fleets. Finance and assistance for the building up of their own national fleets would, they argue, be more readily available if flag of convenience countries did not offer such tempting advantages to foreign shipowners. But the industrialised countries, with which Liberia voted against the Unctad resolution, say their elimination would be *costly,* by putting up freight rates, and would be disruptive to trade.

"The continuing expansion of open registry fleets is adversely affecting the development of fleets of developing countries," the preamble to the resolution put forward by Sri Lanka on behalf of the Group of 77, said.

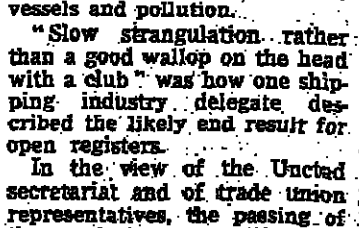
It reaffirmed "that there must exist a genuine link between a vessel and the flag state." Earlier Group of 77 arguments specified a clear "economic link," but this was slightly moderated and proved of some comfort to the industrialised countries.

The key part of the resolution recommended, less than incisively, that "the present regime of open registries be gradually and progressively transformed into normal registries by a process of tightening the conditions under which open registry countries retain or accept vessels on their registers."

Next spring, an Intergovernmental Preparatory Group will meet to draw up principles on which ships should be accepted on national registers. After a full UN conference on the matter, an international agreement could finally emerge.

The preparatory group's recommendations, said the resolution, should cover, among other things, the manning of vessels, flag countries' role in management of shipowning companies and vessels, equity stakes in capital, and the identification and accountability of owners and operators.

Thus, the resolution covered, in one all-embracing swoop, the fleet aspirations of develop-



LIBERIA

ing countries, trade union arguments on safety and conditions, and the issues of sub-standard vessels and pollution.

"Slow strangulation rather than a good wallop on the head with a club" was how one shipping industry delegate described the likely end result for open registers.

In the view of the Unctad secretariat and of trade union representatives, the passing of the resolution — by 49 to 18 votes with three abstentions (including France) — could well mean the beginning of the end for open registries.

On this view, the combination of pressures from developing countries and trade unions could force those involved in ship financing to think twice about flags of convenience. Eventually, the industrialised countries would also bow to international opinion.

This, it might be said, is not a view shared by the West or by Liberia, which was asserting even before the vote that Unctad could do nothing to harm its open registry business.

Panama, which did not take part in the vote because it felt only a consensus result would be acceptable, also disagreed with the Group of 77's stance. Cyprus, a much smaller flag-of-convenience country, voted with the developing countries, while Singapore has already decided to phase on its open registry.

**The growing practice of countries reserving part of their international trade for their own shipping companies poses a greater threat than flag of convenience nations, Dutch shipowners have warned, writes our Amsterdam Correspondent.**

**The lack of evidence that phasing out flags of convenience would benefit developing countries, and the commitment of Western governments to control sub-standard vessels entering their ports, mean Unctad's activities can hardly be taken seriously, the shipowners said in their annual report.**

**They argued that if controls on cargo distribution are unavoidable they should be administered on a regional rather than bi-lateral basis.**

# How councils can win on penalties

BY ROBIN PAULEY

TRAFFORD COUNCIL overspent the Government's target by £46,000 in 1981-82 and faces a £646,000 penalty. West Yorkshire missed its target by £22.42m but faces a maximum penalty of only £4.56m.

These are two of the most extreme examples in a long list of discrepancies in the Government's latest list of overspending councils which will be penalised if they do not pull their 1981-82 spending plans back to the Government's target.

*Some councils, including many* not exceeding the targets by very much, could lose grant equivalent to the whole of the overspend plus some extra if they do nothing.

Others, including some of the worst overspenders, will lose grant equivalent only to a small fraction of the overspend even if they refuse to change this year's budgets.

The Goverment has asked councils to send in revised budgets for their current expenditure plans for 1981-82 before the end of July in an attempt to reduce wherever possible the record budgeted overspend totalling £800m in volume or £1.25bn in cash. The overspend is against a target of a 5.6 per cent cut in spending compared with the actual expenditure in 1978-79.

Councils meeting the target will not lose any grant, those which get within 2 per cent will lose only 25 per cent of the possible maximum and those within 4 per cent will lose 60 per cent.

Those *over 4 per cent will* suffer the full penalty whether they are 5 per cent over or 75 per cent over. This represents an incentive for those close to 4 per cent to get underneath that figure but no incentive for *any cuts which would leave the* council more than 4 per cent overspent.

The odd working of the penalty totals has been caused *by changes to the Government's* new block grant system which were introduced so that selected councils could be penalised. Because the whole mechanism is interlocking it was impossible to move all the figures around without producing some contradictory results.

For example, three small district councils have overspent by £2,000. One faces a penalty of £23,000, another faces the loss of £34,000 and another £42,000.

Environment Ministers are embarrassed by the results but can see no alternative even though it means some high overspenders will inevitably ignore requests for cuts

Metropolitan authorities will meet on Monday to decide what *to do about the call for new* budgets and the threat of a total withhold of £450m in grant if the overspend is not cut.

Some metropolitan councils, notably Greater London, want to submit revised budgets with increased spending plans as a *result of decisions* to expand services or subsidies since Labour won control in the May local elections.

The GLC has an overspend og. £5.51m so far and faces a penalty of £5.61m. The Inner London Education Authority, technically a sub-committee of the GLC, has an overspend of £36.19m in its budget faces a maximum penalty of only £4.85m.

The penalty figures also illustrate how the technical grant allocation system has had to be altered to work in a way different from that intended when it was introduced in the Local Government Planning and Land Act. This forbids the use of individual formulae to reduce a specified council's grant.

So the whole structure has been moved to cut everybody's grant and the special formulae have been introduced to raise the grant of those on target, leaving the overspenders with *less grant than before.*

The problem with changing the mechanism is that the block grant formula could be used to force councils to spend more, a *feature which the Government* did not envisage and which is causing concern to many Tory MPs.

EXAMPLES OF COUNCIL OVERSPENDING AND MAXIMUM PENALTIES

| Council | Overspend 1981-82 £m | Maximum penalty £m |
|---|---|---|
| Trafford | 0.046 | 0.646 |
| Salford | 0.171 | 0.517 |
| Birmingham | 11.780 | 11.998 |
| Hertfordshire | 7.82 | 7.95 |
| Surrey | 6.532 | 7.568 |
| Islington | 2.309 | 3.381 |
| Harrow | 3.758 | 3.912 |
| GLC | 5.506 | 5.607 |
| Hammersmith/ Fulham | 0.392 | 0.402 |
| Bradford | 0.544 | 0.794 |
| Milton Keynes | 0.247 | 0.364 |
| East Sussex | 1.432 | 1.843 |
| Blackpool | 0.166 | 0.181 |
| East Staffordshire | 0.097 | 0.163 |
| Mendip | 0.002 | 0.023 |
| Horsham | 0.002 | 0.034 |
| Wealden | 0.002 | 0.042 |
| ILEA | 36.19 | 4.85 |
| West Yorks. | 22.416 | 4.562 |
| South Yorks. | 22.280 | 5.100 |
| Greater Manchester | 21.994 | 7.459 |
| Merseyside | 19.332 | 4.502 |
| Lancashire | 18.427 | 10.097 |
| Bucks | 17.187 | 7.682 |
| Liverpool | 14.195 | 5.538 |
| Tyne and Wear | 11.507 | 3.944 |
| Cornwall | 9.104 | 3.323 |
| Newham | 8.118 | 3.653 |
| Rochdale | 6.526 | 1.860 |
| Kingston upon Hull | 2.337 | 0.565 |

# CBI wins support for Japanese sales curb

By Maurice Samuelson

THE CONFEDERATION of British Industry said yesterday that it had won "very considerable" Government support for its request for protection of British industries against Japanese competition.

Sir Terence Beckett, director-general, said that as a result of "a very interesting conversation" with *Mr John* Biffen, Trade Secretary, the CBI expected there would be Government action against "the single laser beam destruction of some of our industries."

*Sir Terence was evidently* referring to Tuesday's meeting at the Trade Department. The Government rejected the CBI's request that Japan *should agree in four years to* cover at least 60 per cent of its exports to the UK by purchases from the UK. It agreed, however, to intercede at EEC level if Japanese pledges of voluntary sales restraint were broken.

Addressing the National Association of Warehousemen in London yesterday, Sir Terence expressed satisfaction *about* the Government's response to the CBI requests and said the Japanese "must accept a target and timescale for reducing their trade surplus.

"If we don't do something, great tracts of British industry will be destroyed," he said, citing the effects of Japanese competition on the British motorbike industry, on elec*tronics in the U.S. (before* the advent of silicon technology), and on photography and optics, "the pride of German industry."

*If not checked,* the Japanese could pose the same *threat* to motor, computer and power stations industries.

Sir Terence denied being a "little Englander" and said he did not want to "break the world into blocks." He was alarmed at the Labour Party's commitment to removal of Britain from EEC membership. This would deprive Britain of a volume market of 269m people, accounting for *43 per cent of its trade.*

While proclaiming himself an optimist about Britain's prospects, he warned against "false dawns"

# The petrol price puzzle

**UK motorists are being hit by rising pump prices in spite of the glut on the world oil market. Sue Cameron looks at the reasons.**

THE AVERAGE MOTORIST must be extremely puzzled as to why he has to pay more for his petrol at a time when the price of North Sea crude is dropping and the Western world is awash with oil.

The oil industry's answer is that motorists have enjoyed unduly cheap petrol for the last *six months because of* an ill-timed price war that some industry observers believe was started by Esso.

The company is not popular in the petrol industry. *Its* rivals claim that Esso began the battle at the pumps in January when it advised some of its dealers in the North and Midlands to reduce prices by up to 7p a gallon. Shell quickly followed suit with a temporary discount to its dealers. They say that Esso's aim was to become undisputed leader of the UK petrol market with a share at *least five percentage points* greater than anyone else's.

Some competitors believe that one of Esso's motives was to increase its prestige *vis-a-vis* its *U.S.-based* parent, Exxon, by beating its competitors in the British petrol market.

## Damaging

Esso denies that it started the *price war, and claims that the* fiercest competition has been caused by smaller companies, including independents who bought cheap petrol on the Rot*terdam spot market.*

Everyone in the industry is agreed that competition at the pumps started to hot up at the beginning of this year. There is also general agreement that the price war has been thoroughly *damaging for all the companies* concerned.

But there is great argument about who started it. Esso believes that the price war has been *fought on a defensive* basis, with all the major companies trying to hold on to their share of the business in a shrinking market.

Esso is already joint leader of the petrol market with Shell. *Normally each has a share of* about 20 per cent, though Shell's share is said now to have fallen one point behind to 19 per cent. BP Oil ranks third, with about 15 per cent, and then come the smaller fry such as Texaco, which has about 8 per cent, and Mobil, 7.5 per cent.

But some petrol company executives, and more disgruntled executives it would be hade to *find at present, believe* that running neck-and-neck with Shell was not good enough for Esso.

They suggest that Esso's deci*sion to start cutting prices* at the pumps to increase market share was based on three factors:—

- Its access to comparatively cheap Saudi crude priced at \$32 a barrel as against a *North Sea* Oil price of \$39.25. Neither *Shell nor* BP has access to cheap Saudi crude.
- A belief that UK demand for petrol would remain stable, not growing, but certainly not falling.
- An assumption that tension in *the Middle East would* keep world oil supplies reasonably tight.

Esso, so the argument goes, knew it would see a short-term drop in profits when it cut pump prices to lay hands on ex*tra market share. But it* gambled that tightish crude supplies and constant UK petrol demand would prevent pump prices falling too steeply.

And it would be better able than its competitors to bear the *economic strains of war* because of its access to cheap Saudi crude.

As soon as one petrol company cuts its prices, the others can be relied upon to respond in kind. This happened, regard*less of whether Esso* started the ball rolling. So for a few months the motorist benefited while the major companies slugged it out.

As the weeks passed, it became apparent that the price war had been launched at the worst possible moment for the companies.

Petrol demand did not remain steady. It fell by an estimated *2.3 per cent in the first quarter* of this year compared with that *period* in 1980. The fall was caused by the recession, but seems to have taken the industry by surprise. The last time demand actually fell was in 1974.

Demand *for* other oil pro*ducts, such as* fuel oil for use in generating electricity and powering factories, had already dropped sharply in 1980.

Despite the continuing war between *Iran and Iraq there* was a glut of oil on world markets.

All the major companies began to lose money on their UK refining operations. All had to pay a high price for their North Sea crude, and most rely on the North Sea for a sizeable proportion of their UK oil requirements.

All had to run their refineries at *low* utilisation *rates* which added to their costs.

Average capacity utilisation of UK refineries is estimated at a mere 50 per cent. Because *demand for light products such* as petrol is higher than for heavy products such as fuel oil, upgrading equipment is run at greater throughputs than basic refining plant.

## Balance

Britain still has not enough upgrading equipment, used to turn the heavier oil products *into lighter ones, so most oil* companies import some petrol from the Continent to obtain the right product balance. They export some fuel oil, but this is cheaper than petrol, so they suffer a net economic disadvantage.

They have also been forced to subsidise their petrol dealers to remain competitive in the price war.

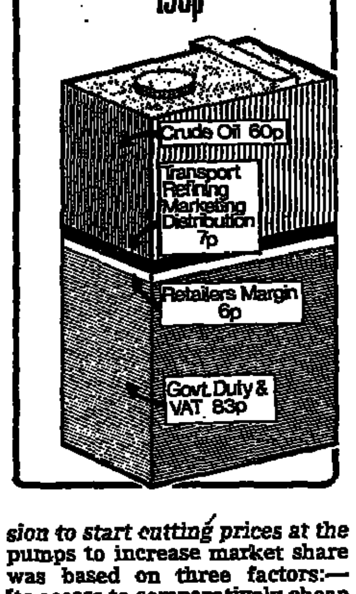
*Recently the position* has been worsened by weakening of sterling against the dollar.

BP Oil, which lost £37m on UK refining operations in the first quarter decided that enough was enough. This week *it withdrew its £1m-a-week* price support to dealers in a desperate attempt to stop the price war.

Its competitors are to follow suit.

Esso, which says that it did not start the price war adds in its defence that it is losing £1m a week, evidently does not plan an immediate announcement about withdrawal of subsidies.

THE COST OF A GALLON 156p




# Rural alliance outlines policy

By James McDonald

RURAL VOICE, *the* alliance of national voluntary organisations concerned with rural communities, which was formed in October, has published a document called Rural Strategy.

It outlines the areas of broad *agreement* between the eight member bodies of the alliance. It rejects any narrow use of "key settlement" policies by planners to restrict new development in smaller villages and welcomes the use of redundant *farm* buildings as workshops for new enterprises.

The document supports the work of the Council for Small Industries in Rural Areas (COSIRA) and the Development Commission — both awaiting a *Government* decision on their futures.

It rejects the idea of a *Minister of Rural Affairs* but offers a number of alternatives.

*Rural Strategy, Rural Voice, 26, Bedford Square, London, WC1, 30p.*

# Brixton inquiry told of school role for police

BY LISA WOOD

POLICE OFFICERS should play an active part in school life, discussing their work with pupils, according to the National Union of Teachers in evidence submitted to the Scarman inquiry examining the Brixton disturbances.

In evidence the union said that while in the circumstances it was inappropriate to comment on police behaviour, in its *experience the young* in schools, particularly young blacks, had "a very real sense of fear of the police."

This, it suggested, led to hostility and the *making* of scapegoats, because black *youngsters'* sensed rejection by white society.

Sessions by the police in school would require special training for the police, said the union. "*Racism* - awareness training is a necessity for the police force as a whole and particularly for officers who will be operating in multi-racial areas such as Brixton," it said.

"They need to be given in their training some understand*ing of the sense of* rejection felt by the young black community and the consequent tendency to delinquency."

The union said shortcomings in services to youngesters in Brixton could not be laid at the Inner London Education Authority's door. It said the authority tried to respond to its multi-ethnic school population's needs.

*The authority* wanted to employ more black teachers and

However, given the limited recruitment opportunities for newly-trained teachers, the union said there might be a case for a special policy of *appointing or seconding* extra black teachers to Brixton and neighbouring schools.

# Euro-port plan for South Wales

A CAMPAIGN for Port Talbot's tidal *harbour* to be developed as a multiple container and cargo Euro-port capable of handling the largest *merchant* ships was launched by the Welsh nationalist party, Plaid Cymru, in Cardiff yesterday.

Mr Gwynfor Evans, the party's president, said that although the British Transport ports in South Wales were currently profitable they were *in danger of being run down in* favour of Bristol's new Royal Portbury Dock—although that could never become a Euro-port.

Port Talbot offered even deeper water than Southampton, Mr Evans said and could compete with Antwerp and Rotterdam.

The cost of Plaid Cymru's plan *would be up to £300m, but* Mr Evans said the first step was to press the British Transport Docks Board for a feasibility study.

# Deepening crisis in the bus industry prompted Leyland's desperate manoeuvres

**John Griffiths looks at the West Midland's decision to order Metroro Cammell buses**

ONE STARK fact stands out from the unorthodox manoeuvres which preceded the announcement by West Midlands County Council of where it would place its next orders for buses. The UK bus industry is in deep trouble which is likely to get much worse before getting better.

Mr Kenneth MacIver, managing director of Leyland Bus, says: "The bus industry is in a crisis, and its survival in its present form cannot be taken for granted.

"The orders currently being placed by the passenger transport executives and other major operators, which in some cases are down by more than 50 per cent compared with the 1979 level, will not support bus manufacture on its present scale and contraction and redundancies are now inevitable."

He makes this statement in a letter to all 16 members of the West Midlands Council's public transport committee. It was delivered personally to each of the members by a driver despatched on a 250-mile round trip from Leyland headquarters in Lancashire.

The letter was an eleventh hour attempt to steer the committee away from what Leyland described as "provincial protectionism" — giving the 525 bus order to nearby Metro Cammell Weymann, to save local jobs.

It did not do Leyland much good. On Wednesday the committee overturned its passenger transport executive's recommendation to buy 375 Metro Cammell Metrobuses and 150 Leyland Olympian buses. Instead 425 buses will come from Metro Cammell and 100 from "an alternative supplier."

At the same time as Leyland's emissary was despatched, shop stewards from Metro Cammell were lobbying council leaders in a vociferous, and successful, attempt to ensure that the lion's share of the order went to Metro Cammell.

The episode illustrates all too clearly just how fierce the bus makers' struggle for business has become.

Mr McIver's statement was not so much a prediction as an acknowledgment of what is already taking place.

Metro Cammell Weymann little more than a week ago—and just after London Transport announced that its entire, and much reduced, 1982 order for 275 buses was going to Leyland—announced it might have to cut its workforce by up to 600, nearly half, because of the steep drop in orders for double-decker buses throughout the country.

The precise number will depend on the size of orders still to come from a handful of the large local authorities who provide the bulk of the bus makers' business.

Mr Peter Steadman, managing director of Metro Cammell, said last night that the West Midland contract would save between 100 and 150 jobs. But other redundancies will have to be achieved by the year end.

Mr Steadman expects Metro Cammell's output in 1982 to drop from 16 a week to seven, in line with a fall in total UK demand for double-deckers from past levels of over 2,000 a year to an estimated 1,000 next year. The expected impact on turnover is a drop from this year's £45m to about £25m.

Mr Steadman's view of the market is only slightly more pessimistic than that of Mr. McIver, who said last night he expects the rate of order intakes to drop to about 1,400 a year. "There may be a recovery in 1983—but I wouldn't count on it," he said.

Leyland makes a wider range of buses than Metro Cammell which makes only double-deckers. Between them, the two companies share the municipal double-decker market with about 50 per cent each. But there is little comfort for Leyland in its single-decker operations. The UK market accounted for 725 single-decker buses last year, but is expected to drop to less than half this level this year and in 1982.

## Seaman's gold watch sold for £25,000

A GOLD watch made by S. Smith "purchased with prize-money awarded to Arthur Douglas Cowburn for service at sea during the Great War, 1914-18," sold for £25,000 to Blenheim Antiques at Sotheby's yesterday. Another London dealer, Bobinet, paid £22,000 for a veneered ebony grande sonnerie bracket-clock by Joseph Knibb.

The Swiss dealer Mannheimer paid £12,000 for a German table-clock in the form of an urn, made in about 1600. The Brighton dealer Phillips paid £11,000 for a 15 in brass sextant made by Ramsden in about 1770 and taken by Capt Cook on his third trip around the world.

**SALEROOM**

BY ANTONY THORNCROFT

**Edmund Penning Rowsell writes:** Keen competition, particularly among U.S. bidders, produced consistently good prices and exceptional ones for rare, ancient Lafite vintages in Christie's finest and rarest wine sale yesterday.

The best prices were paid for five large pre-Phylloxera bottles sold by a vendor who purchased them at the Rosebery sale in May, 1967.

The prices paid then are given in brackets after yesterday's figures: 1864 magnum, £5,000 (£82); three 1865 double-magnums £5,000-£4,000 (£75); an 1874 magnum, £1,050 (£37.50).

In addition, a family closely associated with Lafite disposed of examples, held hitherto always in the Chateau cellar, of 14 vintages from 1832 to 1898. A top price of £2,000 was paid for the 1832, followed by £1,600 for the 1844.

The 18 bottles sold realised a total £10,425.

## Japanese-European video venture delayed by poll

BY JASON CRISP IN LONDON AND KEVIN DONE IN FRANKFU

THE LAUNCH of a European and Japanese joint venture to make video equipment in Europe was delayed in London yesterday by a joint meeting of top management because the French partner cannot get government approval until after the general election.

Thorn-EMI, the British partner, said after yesterday's meeting that an agreement was expected to be completed in the near future.

The other companies are AEG-Telefunken in West Germany, Thomson-Brandt in France and the Japanese Victor Company, JVC. The four are to take equal shares in a joint venture to make video recorders in Germany, video discs in Britain and video cameras in France.

The venture is to be based in Holland because it is a "neutral" country and also for tax reasons. A team of Japanese engineers is at AEG-Telefunken's factory in Berlin and is studying the requirements for setting up the video-recorder manufacturing there. It is hoped the production of video-recorders will start in the second quarter next year.

AEG-Telefunken will have to get approval from the German cartel office before the deal can go through.

The three European companies all sell JVC's video-recorders using the VHS system, the best selling of the three competing systems. Philips in Vienna and Grundig in Nuremburg are the only manufacturers of video equipment in Europe at present. Later this year Phillips will open another factory in West Germany.

All three companies have been keen to see European production of video-recorders. JVC has been unable to meet demand even though it has been expanding production. Sales in the UK and West Germany have been particularly strong.

The three companies will buy products from the joint venture and sell them under their own brand names. "Essential" components such as video heads and cylinders for tape recorders will be shipped from Japan for final assembly by the venture.

Thorn-EMI's consumer division has three factories in the UK and it is thought likely it will manufacture video-discs at its New Haven plant

The Queen views London yesterday from the visitors gallery of the National Westminster Tower in the City of London. She was opening the tower, which is Britain's highest building

## International partnership expects 15% rise in fees

PEAT MARWICK International, the umbrella partnership which includes Peat Marwick Mitchell in the UK, expects fee income this year to have risen by about 15 per cent.

Mr. John Grenside, chairman, said in London that worldwide fee income in the year ended June 30, 1981 "is expected to be about $950m."

Last year Peat Marwick International, with 2,000 partners and some 24,000 staff in 72 countries, earned fees totalling $816m.

About 80 per cent of the international partnerships' income is from accounting and auditing.

Peat Marwick Mitchell estimated that fees for the year end March 31 1981 totalled £49m and that fee per partner was £288,235.

### Less steel

STEEL PRODUCTION in Britain averaged 286,400 tonnes per week last month, a drop of 7.2 per cent on the April figure and 20.2 per cent below the level for May last year.

### Container service

ATLANTIC CONTAINER Line intends to provide a weekly service to Southampton, the port from which two other container groups have decided to pull out. The service, to start at the end of this month, will be routed to Montreal.

### £8m paid for site

IVECO (UK), the commercial vehicles arm of Fiat, has acquired the six-acre site and premises from which it has been operating at Winsford, Cheshire, from Thorn EMI for £8m.

### Factory programme

A FACTORY building programme worth £71m for the Llanelli area was announced yesterday by the Secretary of State for Wales, Mr Nicholas Edwards. Unemployment in the area is forecast to reach 20 per cent in the near future.

### Journalist in court

THE CASE of Mr Jack Lundin, an Observer journalist, who refused to reveal his source of information in court was referred to the Attorney General by Mr Justice Webster at Nottingham Crown Court yesterday. Sir Michael Havers, the Attorney General, will now have to decide whether to prosecute Mr Lundin for contempt.

### Accountants merge

BINDER HAMLYN, the twelfth largest accountancy firm in Britain, is to "merge" with Josolynes Birmingham. The firm will practise under the name Binder Hamlyn and the merger will be effective on September 1. Binder Hamlyn estimate its fee income for the year end June 30 1981 to be £19m.

## Burmah stake 'sold below value'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

BURMAH OIL'S 20 per cent holding in BP was worth much more than the quoted price which the Bank of England paid for it in January, 1975, Mr David Montague told the High Court yesterday.

Had it been generally known that the holding was for sale a buyer could have been found to pay above the depressed market price, he said.

"If it was hawked around?" asked Mr Donald Rattee, QC, for the Bank.

"If it was properly handled," Mr Montague replied.

Mr Montague, formerly chairman of Orion Bank, one of the bank to which Burmah risked being in default under loan agreements during its 1974/75 financial crisis, was giving evidence on Burmah's claim to have the share sale to the Bank set aside.

Burmah alleges that the Bank took advantage of the company's weakness to get the shares at a gross undervalue. The sale was for £179m. The holding's current market valuation is nearly £1.2bn.

Mr Montague said a large block of BP shares would have had a substantial interest for certain buyers. The company had found oil in Alaska, the North Sea and elsewhere. It not only had potential but was then clearly undervalued on the market.

Although the UK equities market was then depressed, and institution managers were selling, there were still intelligent investors who were buying.

Lord Inchcape, chairman of P & O and a director of BP and Burmah, said the sale to the Bank had been a scandal. BP's share price had been particularly low and he had not believed the Bank could possibly consider buying at that price.

Mr Anthony Mackintosh, a partner in stockbrokers Wood Mackenzie, said that, although BP was government-controlled, a 20 per cent holding would be regarded as strategically important.

The market price of a share was relevant to day-to-day transactions at the margin, but in a sale as big as Burmah's BP holding other considerations, such as the underlying asset value, would be taken into account.

Mr Mackintosh said he had never known a sale of a 20 per cent block in a quoted company to be accompanied by profit sharing.

Mr Campbell Anderson, a Burmah director, said that in mid-January, 1975, Gulf Oil and the Shah of Iran had been potential buyers of the BP shares at a price higher than that paid by the Bank.

The hearing continues today.

## Saudi defence chief meets Nott

BY OUR FOREIGN STAFF

PRINCE SULTAN, Saudi Arabia's Minister of Defence, had talks yesterday with Mr. John Nott, his British counterpart, which were described as extremely friendly.

There was no other official comment from Whitehall but the indications are that the discussions dealt with the threat posed to the Gulf's conservative Arab oil-producers by Soviet expansionism and the Arab-Israeli dispute.

Last Sunday's attack by Israel on the Iraqi nuclear research reactor is understood to have figured prominently in the exchanges.

Last night Prince Sultan was seeing Lord Carrington, Foreign Secretary. King Khaled ended his state visit to Britain yesterday.

The speculation in Whitehall was that Britain could benefit from the Israeli attack. The Saudis are deeply embarrassed. Prince Sultan in particular was angry the raiding Israeli aircraft crossed Saudi airspace undetected by the country's mainly U.S.-supplied aerial defence system.

One subject believed discussed was extension of the five-year Government-to-Government contract — involving perhaps £500m-worth of business—under which British Aerospace does basic pilot-training for the Royal Saudi Air Force, maintains its Lightnings and BAC 167 Strikemasters and provides other services to the force.

Britain is trying to interest the kingdom in the Hawk aircraft, as its next-generation trainer and ground-attack aircraft, and in the P110, the single-seat version of the Tornado, development costs of which Saudi Arabia might be prepared to share.

The Saudi Government made clear its determination to diversify away from too great a dependence on the U.S. when it signed a massive deal with France for development of the Saudi navy.

The prospects of Britain concluding some sort of deal in the defence field now look good.

King Khaled's visit satisfied the Government that relations had been restored to a closer level than ever before, following the rift caused last year by the showing by ITV of the film Death of a Princess.

The Saudi monarch spent the day visiting the National Stud at Newmarket. There he was entertained by the Jockey Club. Last night he was giving a banquet at Claridge's Hotel for the Queen and the Duke of Edinburgh.

## Computer group in liquidation

BY ROSEMARY BURR

APPAREL COMPUTER services, the London subsidiary of Mr. Ronnie Royston's international group, has gone into liquidation with an estimated deficiency of £372,000.

Mr. Royston became a millionaire after the sale of his stake in a small engineering company, Weyburn Engineering, to the U.S. company, Carborundum, four years ago.

Last month, Mr. Royston said that talks were in an advanced stage to secure a capital injection from a private individual in the U.S. for Apparel Computer Services.

Mr. Leonard Shopper, a former marketing director of ACS, is understood to have written to Mr Royston in New York seeking compensation.

ACS offered computerised marking and pattern making services to clothing manufacturers, including a supplier of Marks and Spencer.

The share capital of ACS in London, is £30,000 of which £2 has been issued. Apart from Mr Royston, its directors include a Mr G. Cooper and Mr J. Cooper.

ACS had been using computers supplied by Hughes Aircraft Company, founded by the late millionaire recluse, Mr. Howard Hughes, and paid for on an instalment basis.

Among ACS creditors are Midland Bank (£39,258), and Thomson McLintock and Co. (£8,000). The Inland Revenue is owed £8,013, and the London Borough of Camden, £4,344.

Mr Martin Spencer, partner of accountants Casson Beckman, has been appointed liquidator of ACS. As chief executive of Chelsea Football Club, Mr Spencer has been largely responsible for improving the club's financial fortunes.

ACS is part of Apparel Computer Services NV, based in the Dutch Antilles. The group has offices in Atlanta and Dallas, and associated companies in Switzerland, Italy, South Africa and Sweden.



## A strategic shunt for BR subsidiary

**LYNTON McLAIN looks at the implications of the planned closure of British Rail Engineering's Ashford works and sees a possible turn towards the ending of its monopoly control over supplies and repair of rolling stock for its parent.**

THE PLANNED closure of the Ashford rail wagon works in Kent is likely to be remembered as a major turning point in the 12-year life of British Rail Engineering, the subsidiary of the British Railways Board and BR's manufacturing and repair arm.

British Rail Engineering, BREL as it is known in the rail equipment industry, is a massive undertaking employing 35,900 and wholly dovetailed to serving first British Rail, second itself.

It does this through its ability to bid for and compete freely in the world market for rail equipment, especially rolling stock such as rail wagons, passenger coaches and locomotives ranging from the 150-mile-an-hour advanced passenger train to the humblest diesel freight loco for the Third World.

BREL's ability to compete freely with private wagon-builders such as Standard Railway Wagon Company of Stockport while these companies were not allowed to compete for BR business has proved a running sore in the rail industry for years.

The private companies make their living by supplying rolling stock to private companies and for export markets.

Last year British Rail Engineering, through its wide spread of 13 rail workshops, produced a gross income of £434m.

The bulk of this business, 91 per cent, came directly from orders from British Rail last year. Only 9 per cent came from "private party" work, including exports.

The proportion of private party work had been rising steadily from 4 per cent in 1970 to 7 per cent in 1974 and 9 per cent in 1978. BREL hoped that by 1979 the proportion of this non-BR work would rise to a plateau of between 10 and 11 per cent, and continue at this level.

The export successes, chalked up mainly by the Ashford works, but also by the Shildon works in Co. Durham, have been impressive, but they still gave BREL only 1.3 per cent of the world rail equipment market in the late 1970s. Kenya ordered 1,200 wagons worth £32m in 1977, Tanzania 510 wagons worth £24m, including passenger coaches, in 1978 and Bangladesh 825 wagons, worth £20m in 1978.

These successes were insufficient to establish BREL as a dominant force in the export market in the face of a rising ability among Third World and developing countries to produce their own, simple rail wagons.

This factor and recognition by British Rail that something had to be done about the monopoly of BREL and its accountability as dominant supplier of rail rolling stock to BR led the British Railways Board to undertake a major strategic review of all BR's maintenance and manufacturing activities.

This has finished its work and is understood to have concluded that a way must be found of involving private-sector rail equipment companies more closely in meeting the equipment requirements of British Rail.

Even if British Rail does not proceed with changes to involve the private sector more in its equipment business, the Government may insist on changes that will cause this to happen.

The Government's Transport Bill, going through the Lords, has provisions to allow British Rail to sell shares in any of its subsidiaries, including BREL.

The planned closure of the Ashford works and its possible sale to the private sector mark a major rationalisation of BREL which may turn out to be the first step towards breaking its monopoly control over supplies and repair of rolling stock for BR.

**BRITISH RAIL ENGINEERING WORKS**

| | Workforce | Work carried out |
|---|---|---|
| Crewe | 4,600 | High Speed Train power car manufacture<br>Repair of main line locos |
| Derby, Litchurch Lane | 4,200 | Mark 3 coach manufacture<br>Coach maintenance |
| Derby, Loco Works | 3,100 | Loco maintenance<br>Manufacture of bogies |
| Doncaster | 3,400 | Loco manufacture<br>Loco and coach repair |
| Eastleigh, Southampton | 2,700 | Loco and coach maintenance |
| Glasgow | 2,300 | Loco and coach maintenance |
| Horwich, Bolton | 2,400 | Coach maintenance<br>Ironfoundry |
| Shildon, Co. Durham | 2,600 | Wagon building and maintenance |
| Swindon | 3,400 | Loco and coach maintenance |
| Temple Mills, Stratford, London | 400 | Wagon maintenance |
| Wolverton, Bucks. | 2,500 | Carriage maintenance |
| York | 3,000 | Carriage manufacture and maintenance |
| Ashford (TO CLOSE) | 950 | Wagon manufacture and maintenance, including work for export |

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# Ciba-Geigy to cut industrial chemicals jobs at Manchester

BY RHYS DAVID

CIBA-GEIGY, the Swiss-based chemicals group, is to sack 460 people — half the workforce — at its industrial chemicals division at Trafford Park, Manchester.

The cut, phased over two years, is being blamed by the group on heavy losses over the past 18 months. In 1980 these were £4m, a figure which is likely to be exceeded this year.

The company will stop making chemical intermediates — products used in making other chemicals — to concentrate on a range of final products.

The group said yesterday that £5m to £10m had been earmarked for investment in a number of profitable areas, including plastics and oil chemicals and water treatment chemicals.

This would enable greatly improved financial results to be achieved, leading to a return to profitability when business recovered from the recession.

Discussions on the proposed cuts will take place with the main unions including the TGWU, AUEW and ASTMS over the next few months.

The company's other operations in the Manchester area which include Clayton Aniline works (a joint subsidiary with another Swiss group Sandoz) its dye stuff division at Clayton and its pharmaceutical division at Macclesfield, are not affected.

The group is also moving its Ilford photographic business from Essex to Mobberley on the outskirts of Manchester.

The Ciba-Geigy announcement comes after a gloomy report by the regional CBI which claims that northwest industry is showing few signs of recovery despite a halt in the recessionary slide of recent months.

● Unemployment in four towns — Preston, Neath, Redditch and Southwark is to be studied as part of a joint CBI/Manpower Services Commission initiative.

# Forecast of fall in sales of food, drink and tobacco

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

CONSUMERS ARES likely to spend less on food, beer, and tobacco over the next few years according to aforecast of retail spending until 1985.

The forecast, by the Staniland Hall research group, suggests retail spending will rise by a steady 1.5 per cent a year in volume until 1985, with a 10 per cent annual increase in value terms.

Staniland Hall believe that above average growth is likely for a number of product areas, some of which have been affected badly by the economic recession. In particular, the forecasters see above average growth for wines and spirits, clothing and footwear, furniture and floor coverings, and for electrical and some other goods.

Below average growth or even a decline in volue sales are suggested for food, beer and tobacco.

In the food sector, the forecasters are of the fastest growing sectors is likely to be modest during the next four years. Sales of frozen foods, however, are likely to continue to expand rapidly.

Staniland Hall expect the power of the multiple retailers to continue to grow, largely at the expense of small independent retailers. The total number of shops is expected to fall from 357,000 in 1979 to 323,000 by 1985.

Large retail businesses are expected to account for about 78 per cent of retail trade by 1985, compared with a 68.5 per cent market share at present.

Mail order, which has been one of the growth areas of retailing in the past decade, is likely to show no further increase in market share over the next few years.

* *Retailing: developments and prospects to 1985, Staniland Hall Associates, 42, Colebrook Row, London, N1, £72.*

# Surrey environment plan unveiled

BY GEORGE MILLING-STANLEY

SURREY COUNTY COUNCIL has unveiled a planning document designed to help protect the country's environment. The document is intended to control extraction of minerals from sites in Surrey, and to ensure proper restoration of exhausted mineral sites.

Copies of the plan and an explanatory leaflet are available in libraries, and have been sent to local amenities associations and residents' groups in the area most affected, north-west Surrey.

The council will hold seven public meetings to explain the draft plan, and public comment is invited by the end of July.

Mineral working in Surrey is almost exclusively for the extraction of sand and gravel. Companies involved include Ready Mixed Concrete, Redland Aggregates, Charlton Sand and Ballast and several small companies.

Mr. Douglas Robertson, chairman of the county planning committee when the plan was drawn up, said mineral working was one of the most contentious aspects of planning in Surrey.

The main source of complaint is the number of heavy lorries carrying the sand and gravel, and there is also considerable concern about the restoration of worked-out areas.

The plan proposes that the council's programme for a 3 per cent a year fall in the level of mineral production, which began in 1975, should continue. It also seeks a big improvement in restoration and use of the land after workings have ended.

Surrey sites produce about 2m tonnes a year of sand and gravel. The plan envisages a halving of productive capacity by 1996, by limiting the amount of land released for mineral operations.

The document identifies 37 potentially workable sites, divided into three categories.

The first groups sites that may be worked if the plan's requirements on limiting environmental disturbances are satisfied.

The second groups sites on good agricultural land which cannot be considered for working until the council is satisfied that the land can be restored to its present condition.

The third groups sites the council considered unsuitable for mineral extraction in any circumstances.

The plan also provides for restoration of the 55 sites where extraction has finished, or is still going on.

# Inflation accounting 'may boost fees'

BY ROSEMARY BURR

COMPANIES MAY face higher audit fees because of the greater risks involved in verifying inflation accounting standards, says Professor Peter Standish of the University of Tasmania in an article on financial reporting in Britain and Australia.

He says inflation accounting has increased the areas where an accountant is asked to verify a management estimate rather than check facts.

The auditor also faced greater risk of being held liable for any management miscalculations. This may lead to higher premiums for audit risk insurance and ultimately higher audit fees.

Any attempt by accountancy firms to pass on these higher costs to customers, companies or local authorities, is bound to meet stiff resistance. Five months ago the Hundred Group, whose members include the finance directors of the largest companies in the South-east, launched a campaign to contain audit costs.

*Comparative International Accounting, edited by C. W. Nobes/R. H. Parker. Philip Allan. £13.95.*

# Confucian philosophy on the TV factory floor

**The new Taiwan owners of Decca's Bridgnorth plant say their management philosophy will merge the values of East and West. Maurice Samuelson reports**

A BRINGING TOGETHER of traditional Confucian philosophy and Western values is to be management's aim at the Decca colour television factory, Bridgnorth, Shropshire, which was bought this week by Tatung, Taiwan's leading electronics group.

The company paid £1.24m for the business and says it has outlined its approach to the 540 workers who, only a week earlier had thought the plant might close because of a breakdown in negotiations with Racal, the previous owners.

Tatung attributes the breakdown; reversed only by the last-minute intervention of its chairman, Dr T. S. Lin, to the language barrier. However, it says there will be no culture clash with its Salopian employees and claims there has already been a positive response to Dr Lin's introductory message.

Mr C. S. Lin, Tatung UK's company secretary (and no relative of the chairman) summed up the message by saying management philosophy would be based on "a merger of Confucianism and Western culture."

The former, he explained, was based on "faithfulness, industry, sincerity and devotion" while Western culture meant "love of freedom, democracy and order."

Another Tatung representative said Confucianism would do the factory nothing but good. He stressed, however, that in practice, it would have no drastic effect on the workforce.

Although about 10 Taiwanese, mostly technicians, would be based here, the Decca plant would remain a British company under British management.

The Bridgnorth plant, where Tatung plans to make 100,000 television sets in the first year, is the group's first in Europe and, will help to penetrate the EEC's tariff barriers. The group also hopes to enter other traditional British markets, as well as the UK itself.

With a turnover last year of $700m, Tatung is already one of the leading manufacturers in the Far East. Its Taiwanese workforce of nearly 25,000 make some 300 products grouped in the electronics, household appliances and industrial apparatus sectors.

Under electronics it includes television, audio equipment and micro-computers; household goods are principally fans, fridges and washing machines; the industrial sector concentrated on electric motors, transformers, cable and wire, lathes, grinding machines and numerically controlled tools.

There are marketing outlets in more than 100 countries and wholly-owned subsidiaries in Japan, Hong Kong, Singapore and the U.S.

The Singapore plant, employing 500 people, makes entire television sets, including the tubes, the principal component. The Hong Kong subsidiary employs 100 people.

The first U.S. plant was set up more than six years ago in Los Angeles and employs more than 300 people making electric fans and colour televisions. There is now a second plant at Atlanta, Georgia.

The Tatung business, which started in construction and steel, remains in the hands of the founding family. Dr Lin, the chairman, is the founder's son. His son, American-educated Mr W. T. Lin still in his early thirties, is in charge of the UK company formed three months ago to control the Bridgnorth factory.

It was Mr W. T. Lin who was heading the negotiations with Racal last week when they suddenly collapsed, at the expense of what Racal had understood to be a binding agreement.

The following day, his father telephoned from Taiwan and last weekend he met Mr Ernest Harrison, Racal chairman, for the successful round of talks.

Racal, which took over Decca last year for £101m, says it cost £7m to keep the Bridgnorth factory open while a buyer was found. Decca lost about £1m a year in television manufacture.

Tatung has told workers they will be employed for at least 12 months. It says it has a long term project to expand and rules out the idea of redundancies.

Initially, it will use British made Mullard tubes and some Japanese equipment. It says it has no immediate plans to bring in its own tubes from the Far East.

# Accountants seek change in council auditing

By Rosemary Burr

**THE accountancy profession has called for a major change in the way local authorities are audited.**

**In a letter to Mr Michael Heseltine, Environment Secretary, the Institute of Chartered Accountants in England and Wales, has called for the establishment of an accounts commission for local government with power to appoint auditors.**

**The accountants wish the commission to deal with objections to the accounts, determine expenditure contrary to the law, certify sums due arising from loss or deficiencies, and carry out extraordinary audits and the functions of the audit inspectorate.**

**If the Government thinks the power to appoint auditors should remain with local authorities, then the Institute suggests the auditors should be *reappointed annually*. Approval should also be given to firms rather than to individual partners of firms.**

**The institute is calling, too, for the elimination of the differences in the powers and duties of district auditors and approved auditors.**

# Island distillery toasts 'the Nose'

**Mark Meredith looks at the state of Scotland's malt whisky trade**

THEY RAISED a glass to "Charles the Nose" in the Isle of Islay yesterday. The subject of the toast, Mr Charles Craiag, is managing director and master blender of the Invergordon Group, and in spite of the unhappy time Scotland's whisky industry is havin*g* the group is confident of a growth rate of 4 per cent over the next five years.

The toast was one of many at the centennial celebration for Invergordon's Bruichladdich distillery on Islay, a shipwreck-approaches to the Clyde. studded island on the western

Islay provides a magnificent landscape of sheep, distilleries (eight in all), hills and acres of pink-blossoming rhododendrons. Bruichladdich, which sells for about £10 a bottle, is the brand name of a 10-year-old single malt whisky.

The Scotch whisky industry is in a bad way, largely as a result of the slump in sales in the U.S. by the big name Scottish blended whiskies, and because of the lack of replacement markets elsewhere. The industry has also traditionally seen competitors producing at high volume for a contracting market.

The blends in question are made from a grain whisky base to which are added from 15 to 50 malt whiskies to give a distinctive flavour and take the rougher edge off the grain whisky. That is where the skill of blenders such as "Charles the Nose" comes into play.

The big name blends such as Johnnie Walker, Bells and Teachers have found their market thinning in the U.S. The volume of Scotch whisky exported between 1979 and 1980 fell by 13 per cent, a drop in sales value of 6 per cent to £181m last year. But with a total export value of £746m a year, Scotch is still a major export.

According to industrialists here, the trouble in the U.S. is that Scotch is just another drink. In the big drink distribution system it has to fight in a fickle market under constant pressure from what are called "fun drinks."

But a new marketing strategy being discussed by leading distillers during the Bruichladdich celebrations will be encouraging the buyer to make sure it is real Scotch whisky he or she is drinking. Ths sounds similar to the Russian campaign in the West to restore the fortunes of Soviet produced vodka after assaults by foreign produced vodkas.

The Scotch Whisky Association will be the chief backer of the campaign, which may start next month, but the Scottish Development Agency is also giving it some thought and is likely to press for a co-ordinated approach to the U.S. market rather than the continuing uphill promotion by brand name.

One suggestion might be to give Scotland's whisky special official status, rather like the French appellation for wine.

In spite of destocking and other recessionary trends in the U.S. the distillery operators feel that a postwar generation of 30 to 40-year-olds is ready for quality drinks such as Scotch.

Nevertheless, at Bruichladdich an "adjustment,' as it is being euphemistically called in the trade,' is under way. The industry must plan at least five years in advance—the time it takes for a malt whisky to mature and become potable, and volume as well as sales targets are discreetly being trimmed.

The distillery will be closed down for the summer months but lay-offs will be few. A distillery of this size can be run by only 12 men and they can be diverted to maintenance work. About 60-70 per cent of the malt produced by Invergordon is said to be added to blended whiskies.

The sobering effect of the fall in U.S. sales has also promoted another reassessment of the industry's future. One formula being worked on is to concentrate on the very top of the market and expand the sale of the single malt whiskies peculiar to Scotland. These are whiskies based on whiskies made from barley and not blended and which presently form under 3 per cent of the industry's output.

Bruichladdich specialises in a high price prestige single malt. Dr. Christopher Grieg, the production director, slows down the production line to half speed when a case of single malt, packaged in decorative decanters, is being made for the Japanese market.

The management says the profit margin on 200 cases of well packaged and presented malt whisky for the Japanese market would be equal to that on 2,000 cases of blend.

At the same time, the distillers are considering adjustments to the take-home blends at the lower end of the market. This is whisky sold, for instance, in supermarkets under own brand names. Here there is room to experiment with new demands and tastes.

This might lead to some fundamental changes in the nature of Scotch, as the conservative and tradition-encrusted industry adapts to changes in tastes. One result of this is likely to be a sweeter Scotch.

This is one theory produced by the author of a new textbook on the industry commissioned by Invergordon and published today. The Making of Scotch Whisky is written by two historians, Michael Moss of Glasgow University, and John Hume of Strathclyde University.

Mr Moss points out that the original whisky drunk by Scots was probably a mixture sweetened to take the raw fire out of the original brews.

## COMPANY NOTICES



## APPOINTMENTS



# UK NEWS—LABOUR

## Ambulancemen to consider arbitration

BY JOHN LLOYD, LABOUR CORRESPONDENT

ATTEMPTS TO bring together the two sides in the rapidly escalating ambulancemen's dispute were being made last night as a second area in Scotland was deprived of all ambulance cover for a 24-hour period.

Mr. Denis Boyd, the chief conciliation officer of the Advisory, Conciliation and Arbitration Service, yesterday saw the employers' side for two hours. They said they were prepared for joint meetings with the unions.

Mr. Bob Jones, a national officer of the National Union of Public Employees, and the unions' chief negotiator, said last night that he would consult officials from the other three ambulancemen's unions on arbitration today.

The Acas initiative was taken as lightning strikes in areas in Scotland continue, and as London ambulance workers remain firm in their determination to stage a 24-hour, *no emergency cover* stoppage on Monday.

Ambulancemen in the Forth Valley, Lanark, Highlands and Western areas struck yesterday without the provision of emergency cover except in some Highland areas. The Scottish Office said that police in those areas had coped with emergency calls.

As in the rest of the UK, the army in Scotland is making preparations for a possible call to assist the ambulance authorities. The Scottish Office would not say whether or not applications for the use of troops had been *made, but stressed* that there was "no question" of the army going in for the moment.

Mr John Elliott, the Transport and General Workers Union official with responsibility for ambulancemen, said that the response in areas not traditionally regarded as militant was an indication of the depth of the men's feelings.

Of the 54 ambulance authorities in the UK, most have said they believe they can maintain emergency services without army assistance.

However, it is clear that a few authorities have expressed concern about their ability to do so, though the Department of Health and Social Security said yesterday that none had applied for army cover.

## Office staff strike may halt Rapier missile plant

BY JOHN LLOYD, LABOUR CORRESPONDENT

A STRIKE by 600 white-collar workers at the Stevenage plant of British Aerospace yesterday threatens to halt production.

The plant, part of the company's dynamics group, recently won a £200m order from Switzerland for the Rapier missile system.

The workers, members of the white-collar union Apex, walked out after a long-running dispute over grading and job re-evaluation on automated office equipment ended in threats by BAe management to suspend the Apex members after their decision not to work the equipment.

The equipment, installed progressively since 1979, is largely word-processors and visual display units linked to a large central computer. Apex had agreed to a new pay grading system as a condition of working with the new equipment.

However, a report by a joint union-management study group on job evaluation had, according to the union, not been fully accepted by the management side.

Normal negotiations broke down earlier this week. The decision not to work with the new equipment was taken on Tuesday.

Mr David Rice, Apex regional organiser, said last night that the company had threatened to close the plant on Monday unless the 600 Apex members reported for work, and worked normally.

The 600 strikers work in clerical, stores and production-processing areas. Mr Rice said that the plant could not continue to function without them.

A further 200 Apex members who work as security guards and medical staff will be withdrawn in the next few days. A *mass meeting is planned for* early next week, but no further meetings between the company and the union.

The white-collar engineering union, AUEW-Tass, and the supervisors' union, ASTMS, organise some 500-600 white-collar workers respectively. Mr. Rice said that Tass members were also considering action.

BAe management was not available for comment last night.

## Banking union seeks members in insurance

By Nick Garnett, Labour Staff

A CAMPAIGN to recruit staff in insurance broking and to extend recruitment in insurance companies was announced yesterday by the Banking, Insurance and Finance Union. This followed *confirmation* of the decision of the Eagle Star Staff Association (Essa) to merge with the TUC union.

Mr Leif Mills, Bifu's general secretary, said the nine principal insurance broking firms employed 26,000 staff who were non-unionised.

The union is also discussing the possibility of a merger with a number of insurance company staff associations. In the past three years, Bifu has absorbed the staff assocaitions at the Guardian Royal Exchange, Phoenix and, now, the Eagle Star.

It claims 26,000 members in its insurance section—including staff at Eagle Star and in the broking sections of the main banks—out of its total claimed membership of 149,000. It expects at least two staff associations to merge with it aeysith.r merge with it this year.

The Association of Scientific, Technical and Managerial Staffs is the biggest union in insurance and claims 60-70,000 members in the industry. It says it is on the point of making inroads into insurance broking.

The ballot vote of the 6,000 members of the Eagle Star staff association resulted in 51 per cent of the association membership voting for a transfer of engagements. Under the staff association's rules, at least 50 per cent of membership has to vote in favour of a merger for that to take place. Of those voting, 3,086 were in favour of the merger and 1,811 opposed it.

Mr. Mills said his union expected that the decision of the Eagle Star would now influence leaders of other insurance staff associations to recommend a merger with Bifu.

Mr Graham Gosling, Essa general secretary, said that membership of a larger union would assist staff at Eagle Star to face difficulties

## Officers at P & O put peace plan

By Our Labour Staff

THE MERCHANT NAVY and Airline Officers Association put proposals to management last night in the dispute over four of P & O's eight refrigeration ships.

Negotiations continued last night to seek a basis for settling the dispute, which has resulted in the union's progressively halting the shipping company's 51 deep-sea cargo vessels.

The company wants to sell *four refrigeration ships* to a foreign owner and lease them back. It has said that if the dispute is not settled, other options will be to put all eight refrigeration ships under a foreign flag with a foreign crew, or sell them and get out of the refrigeration trade altogether.

To maintain its position in the business and retain as many jobs as possible, it much prefers to sell four *ships and lease them back.* It has told the union that the finances of the four refrigeration ships are on a knife-edge.

## Nalgo swings Left in nuclear arms vote

BY PAULINE CLARK, LABOUR STAFF

*THE 780,000-strong* National and Local Government Officers' Association yesterday became the biggest British trade union to commit itself to a policy of unilateral disarmament and to join the Campaign for Nuclear Disarmament.

The decision was taken at the annual conference of the union—the fourth biggest TUC affiliate—in Blackpool yesterday, against the advice of the leadership.

This reflects the strong Left-wing shift in its rank and file—Nalgo being traditionally one of Britain's most moderate trade unions and the only major union not affiliated to the Labour Party.

The change in the Nalgo traditional policy of favouring only multilateral disarmament will give a boost to the unilateralist vote next September when the TUC holds a debate on the issue.

In two weeks the Transport and General Workers' Union conference will be asked to con*firm its previously established* policy in favour of unilateral disarmament.

The National Union of Public Employees—the fifth biggest union—has recently adopted a policy calling for an end to all nuclear bases in Britain.

This leaves only the General and Municipal Workers' Union—whose conference earlier this week narrowly supported the anti-unilateral disarmament line—among the big five in the moderate camp on the issue.

However, it will probably be joined by the engineering section of the Amalgamated Union of Engineering Workers.

The Nalgo hand vote on the issue came as something of a surprise to the national executive council which, however, supported the establishment of a nuclear free zone in Europe and a "mass campaign" of protest against the deployment of Cruise missiles in the UK and the purchase of Trident missiles.

## Liverpool docks stopped again

By Our Labour Correspondent

LIVERPOOL DOCKS closed yesterday as the 3,500 dockers staged their third 24-hour stoppage in two weeks in protest against the employers' wage offer.

The stoppage follows breakdown of talks on Wednesday between dockers' stewards and the Mersey Docks and Harbour Company. A return to work is expected today. Fresh talks are likely next week.

The employers have offered a £12-a-week rise plus parity of pay in all areas, but linked to changes in work practices, including use of smaller gangs. The stewards want the increase to be unconditional.

## Nurses told to reject 6% offer

The National Union of Public Employees yesterday advised its 1,500 members in nursing to reject a 6 per cent pay offer and consider "protest action" in a bid to improve it. NUPE's nurses and nursing auxiliaries are being asked what action they want to take if they reject the offer. Possible action might involve refusal to carry out non-nursing duties.

### John Lloyd looks at Plessey's computer dispute

## Tough line on software

*AN INTER-UNION* dispute is simmering uneasily at Plessey's telecommunications plant at Edge Lane, Liverpool. It is fundamental to unions trying to cope with the increasingly rapid spread of computerised production equipment.

The dispute concerns a white collar union, the 480,000-strong Association of Scientific, Technical and Managerial Staffs, and a craft union, the 420,000-strong Electrical and Plumbing Trades Union.

The issue is who maintains and services electronic, software-driven technology used to produce telecommunications equipment, including the all-electronic System X exchanges.

The equipment has been maintained and serviced by technicians, who are members of the association. However, the maintenance electricians, who are members of the union, have claimed that electrical and electronic maintenance work is within their ambit, and have demanded control of the work.

The 17 maintenance electricians staged a week-long stoppage last month. Production was not affected. The company ended the stoppage by offering to create a "super electrician," or technician grade, organised by the union, to service the computerised equipment.

However, only a few of these jobs will be open to electricians, who are now being trained in electronics. This has failed to satisfy all the union's members, who had expected a general rise in pay and grading.

It has also incensed the association's officials at the plant, who regard the compromise as the thin end of a wedge being driven into their area by the union. A meeting between the company and Mr Stan Davison, the association's assistant general secretary, has been arranged for next week.

The number of workers involved is small, but both unions regard the issue as one of crucial importance. The change from electro-mechanical to electronic technology means a re-drawing of traditional boundaries. There are few guidelines for this.

The association has been to the fore in warning its members of the effects of new technology, and in offering protection against its adverse effects. It has traditionally pursued an aggressive recruitment policy.

The union has, over the past two years, deliberately set out to encourage its members to acquire electronic and software skills. It is the only UK union to set up a training facility in electronics at one of its two training colleges.

Mr Frank Chapple, the union's general secretary, and other union officials, have repeatedly stressed that if the union does not establish substantial bridgeheads in *electronics,* it will decline.

Whether or not the dispute will escalate depends on the strength of feeling among the association's members at the Plessey plant. Mr. Davison said week it was possible that it might end up before a TUC disputes committee, but stressed that it was still early days.

A number of local officials believe the principle is so strong that compromises are impossible, and a clear victory for *either side at this stage* is the only remedy against continuing problems at Plessey and elsewhere.

## Secret ballot at Perkins

FINANCIAL TIMES REPORTER

SIX THOUSAND production workers at Perkins diesel engine plant in Peterborough, are to hold a secret ballot to decide whether to strike over their latest pay claim.

The decision came at a mass meeting yesterday when voting by a show of hands failed to give a clear majority over the company's latest pay offer.

The men are demanding an extra £25 a week, but the company has offered £6 in two *stages, together with a small* productivity payment and concessions over clocking on.

Works convenor George Gilmour was mobbed by angry workers as he left the meeting for refusing to call a strike immediately. Shop stewards formed a protective cordon round him but punches were thrown and he was roughly jostled.

The company has already warned it cannot afford a large pay increase and any strike action will damage its position *in world markets.*



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# Bid to ban prisoners standing for Parliament

Financial Times Reporter

THE GOVERNMENT is to act to prevent a repetition of the recent Fermanagh and South Tyrone by-election won by IRA hunger striker Bobby Sands.

Mr Francis Pym, Leader of the House, told MPs yesterday that it would be introducing a Bill which would disqualify certain categories of convicted prisoners from standing for parliamentary elections.

Its object is to stop the IRA from nominating hunger strikers as Westminster candidates at future elections, and particularly the forthcoming by-election in Fermanagh.

The measure, which will be published today will have its second reading debate in the Commons on Monday, June 22.

Despite protracted negotiations between the Opposition and the Government, Labour is to oppose the Bill. Even so, the Government is confident that it can be completed before the summer recess.

This would enable the by-election to take place in the late autumn.

The decision to introduce the Bill was taken by Ministers at yesterday's meeting of the Cabinet, after several weeks of discussions. Ministers are acutely aware that almost whatever they do to deal with the situation at Fermanagh will be used by the IRA for propaganda purposes. But they decided it was essential that legislation should be introduced as soon as possible to stop the election of another hunger striker.

It is open for any MP to move the writ for the by-election. But the Government plainly does not want one until their new measure becomes law.

If any MP chooses to move the writ against the will of the Government before the summer recess, it is almost certain to be voted down.

This would mean that no further attempt to move this writ could be made during this session of Parliament.

Once the Bill is on the statute book, the Government would not oppose the moving of the writ—though, as Fermanagh is not a Conservative-held seat, ministers do not believe it is the Government's job to take the initiative.

During the recess, any two MPs could move the writ if they so wished, and for this reason, the Government is determined to get the Bill through Parliament before the beginning of the recess.

Although Ulster Unionist leader Mr. James Molyneux is dropping his Private Bill on the issue, there could be additional Opposition from the Liberals.

Mr. David Steel told Mr. Pym during Business Questions yesterday that the principle being adopted by the Government was an "unhappy one."

Mr David Winnick (Lab. Walsall N) said it was the worst possible time to change the Act.

"It will be widely seen in this country and abroad as changing the electoral rules only to prevent the type of election result which occurred last time in Northern Ireland."

Mr Michael Foot, Labour Party leader, said that it was "very doubtful" whether the Government was right to proceed with the measure.

# Most civil servants 'can expect more than 7%'

BY IVOR OWEN

THE PRIME MINISTER made it clear in the Commons yesterday that the vast majority of civil servants can expect a salary increase this year in excess of the basic 7 per cent now on offer.

She did so when condemning the escalation of the long-running dispute by what she called a "small minority of militants."

Mrs Thatcher explained that 98½ per cent of civil servants were on an incremental scale which would add up to another 2.3 per cent to the basic 7 per cent increase.

This meant, she said, that if a 7 per cent award took effect from April 1 this year, the average increase in pay would be 11 per cent over and above last year.

The Prime Minister welcomed the support given by Tory backbenchers to the Government's refusal to go any further this year towards meeting the civil servants' claim for a 15 per cent increase.

While deploring any hardship suffered by the public as a result of the dispute, she did not comment on a suggestion by Mr Richard Alexander (C. Newark) that if escalation resulted in harm to elderly people and others, awards for civil servants in the 1981 honours list should be scrapped.

Nor did she refer to his demand that if the dispute continues, whatever eventual settlement was arrived at should not be backdated.

The Prime Minister clashed with Mr Michael Foot, the Opposition leader, over a demand from the Tory backbenches that he should publicly condemn any action by striking civil servants which harmed the sick and elderly.

In a clear challenge to the Labour leader to follow her example, Mrs Thatcher totally and unreservedly condemned any action by the militants which was "cold and callous" towards the people they were supposed to serve.

Amid Labour cheers, Mr Foot retorted: "The words cold and callous come very strangely from your lips."

He called on her to say why if the Government was treating the civil servants so generously she was afraid to allow the dispute to go to arbitration.

Mrs Thatcher replied that the Government had to reconcile the pay awards made to the Civil Service with the position in the private sector which provided the finance to pay for them.

# Jenkins begins fight for Warrington

BY MARGARET VAN HATTEM, LOBBY STAFF

ROY JENKINS went to Warrington yesterday to get his hands dirty. Over the next month, he will be campaigning hard for a seat he is not expected to win. Indeed in terms of votes, he will be generally considered to have done well if he succeeds in halving Labour's 10,000 majority.

But the real fight will be to shake off the languid claret-stained image that has dogged him since the days of wine and roses in Brussels.

Presenting himself for the first time to the new Social Democratic Party in Warrington, so new that its selection meeting last night was also its inaugural meeting—Mr Jenkins was anxious to be recognised as a true man of the Midlands.

"The idea that I have served my political life in rolling pastures or leafy suburban avenues is ludicrous," he told them. "I have represented one of the most industrial seats in Birmingham for 27 years. I believe I had happy relations with them. I certainly won nine elections there."

But he warned the embryo party not to expect too much from this by-election. It was not an easy seat and a win there was about as likely as a landslide victory in a general election. "That sort of result does not fall off trees," he added.

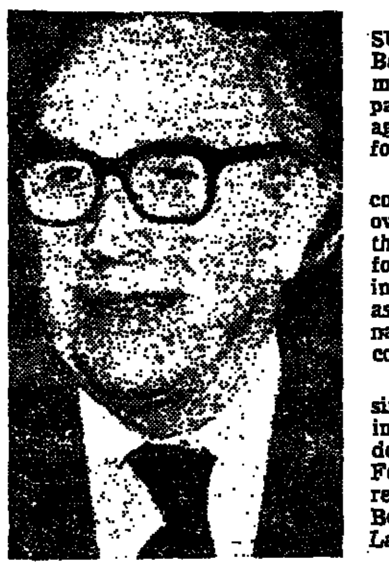
## Trial run

The Warrington by-election, tipped to be called for July 16, is a trial run—not only for Mr Jenkins and the new party but also for the Liberals. National Liberal figures such as the party leader Mr Steel, are committed to working with the SDP and are expected to appear in Warrington over the next month in support of Mr Jenkins' campaign.

But how this translates into co-operation at a local level has yet to be tested and Mr Jenkins arrived in Warrington last night looking forward to meeting the local Liberals but not 100 per cent sure of the time and place—it was evident that the machinery is still a little rusty.

In a long address to his prospective Social Democrat constituents, Mr. Jenkins outlined the themes of his campaign—unemployment, the Government's restrictive monetary policies, the destruction introversion of the Labour Party, and the need for political realignment.

The primary concern in Warrington was employment. Industry here, the main source of jobs, had become the shuttlecock of successive governments as they hurried to throw into reverse the policies of their predecessors. The steel industry had been left to decline while "the two old monopoly parties fought like quarrelsome ambulancemen over its sick body."



Jenkins: Anxious to be recognised as a true man of the Midlands

British industry now had possibly the least stable framework, in relation to planning, of any industrialised country in the world. It was subjective to violent switches "not only every four or five years when governments change, but every two or three years when they reverse their own policies and try to undo some of the damage that they have inflicted in their first years of office."

It was time to rescue the country from these "queasy rides on the ideological big dipper," to turn the tide, to fight a memorable battle . . . the metaphors came thick and fast as Mr Jenkins brought his first big campaign speech for nearly seven years to a triumphant conclusion.

● MRS SHIRLEY WILLIAMS said yesterday it would be a "miracle" if the Social Democratic Party won the Warrington by-election.

In a radio interview Mrs Williams said: "We recognise that Warrington is a very tough seat indeed. It must be one of the safest Labour sets in the whole country."

## Difficult

She said that the seat would be clearly more difficult than the 300 marginal ones.

"We would be doing very well indeed to come second. If we came first it would be a miracle I would greatly appreciate.

"People should realise it would be very hard going to win Warrington and pretty hard going even to come second."

At the last election, Labour's Sir Tom Williams—whose appointment as a judge has caused the by-election—had a majority of more than 10,000.

# Supporters of Benn to fight on

By Elinor Goodman,

SUPPORTERS OF Mr Tony Benn yesterday accused shadow ministers of conducting a campaign of "personal vilification" against Mr Benn during his enforced absence through illness.

Among signs that Mr Benn could be out of action for well over a month, they promised they would fight his campaign for the deputy leadership during his illness, which now looks as if it could alter the whole nature of the deputy leadership contest.

And, in their first statement since they met to consider the implications of Mr Benn's showdown last week with Mr Michael Foot, the Party Leader, they reaffirmed their support for Mr Benn's "principled stand for Labour Party policies."

Doctors yesterday confirmed that Mr Benn is suffering from the rare nervous disease of acute polyneuritis. They said he would be unable to resume normal political life for some time. The doctors did not specify precisely how long Mr Benn would be out of action, but the general assumption among Labour MPs was that he would not be able to resume his campaign until well into the recess.

Some Labour MPs were—not very privately—hoping that he would be unable to resume his campaign at all, but his supporters claim to be optimistic that he will be back in time for the Party conference.

They also argued that the way the Shadow Cabinet had turned on Mr Benn in his absence would strengthen his support among the unions. There was some concern among Mr Benn's opponents that his illness would make campaigning against him more difficult.

Yesterday, a group of Mr Benn's friends, led by Mr Reg Race, sent him a letter wishing him well and reaffirming their support for his policies. It was signed by over 30 MPs, including most of those who signed his nomination paper.

Also among the signatories, however, was Mr Eric Heffer, who over the last few weeks, appeared to be distancing himself from Mr Benn.

Meanwhile, in another sign of the tension within the party, Mr Eric Ogden, the MP for the West Derby division of Liverpool who failed to get reselected by his local party at the weekend, last night launched a defiant and bitter attack on those responsible for the "coup" in his local party.

He said he might have lost on Sunday, but he was "definitely not out yet." Since the weekend, he said, he had been told that he should have kept his head down and not upset the opposition within his Party.

"If that be true, the Party locally or nationally no longer deserves support," he said.

# Left-wingers fail to shift GMWU into line

BY CHRISTIAN TYLER, LABOUR EDITOR

LABOUR PARTY orthodoxy was convincingly re-asserted in the conservative General and Municipal Workers' Union yesterday when Left-wing delegates of the union's annual congress failed to shift the GMWU into line with the party conference.

The small but growing Left in Britain's third largest union did, however, snatch one important victory on the last day of the congress in Brighton. The confrence voted against their national executive to commit the union to unconditional withdrawal from the EEC—a major development for the traditionally pro-Market union.

Last year the union decided reluctantly to seek withdrawal but only when alternative trading alliances could be set up.

Attempts by left-wingers to radicalise the union's stance and to get it to accept the electoral college decision of the Labour Party's Wembley conference fizzled out in an unexpectedly muted debate.

The debate, inevitably coloured by the Healey-Benn contest for the deputy leadership, was watched from the gallery by Mr James Callaghan, the former Labour leader.

Although tamer than expected, it prompted Mr David Basnett, general secretary, to launch into a declamatory speech in which he minced few words in denouncing Left groupings in the party.

It will be for the union's executive now to decide after consultation in the regions where the GMWU's 650,000 block vote will go in the deputy leadership election in October.

It is expected—especially in the light of yesterday's showing—to go to Mr Healey.

Mr Basnett got the authority he wanted to press for a change in the electoral college formula to give the Parliamentary Labour Party half the votes and unions and constituencies a quarter each.

A motion from the militant Liverpool region—which referred to "extra-parliamentary struggle" and called for socialist policies to be "won and implemented through mass struggle"—was heavily defeated as was a milder motion complaining about lack of internal union consultation before Wembley. Those who wanted to keep the Wembley formula were even more heavily defeated.

Winding up the debate, Mr Basnett defined the kind of Labour Party the union wanted as one that could win general elections, share policies with the trade unions and become strongly organised.

"What do we have? We have a squabbling mass of politicians arguing about who should be leader, who follows conference decisions, who does not, who obeys the rules and who doesn't obey the rules.

"What the hell do they think they are doing? There are three and a half million people out there unemployed. For God's sake let's have unity, let's have power and let's stop this squabbling."

He complained about those who had organised fringe meetings at the conference (although Mr Benn's illness prevented his appearance in Brighton this week). "We don't want people telling us how to vote," he said.

"Let us make it clear both to congress and those who hang outside the back door that we support our own policies. Don't be beguiled by factions or other outside organisations."

# PM denies 'emergency Cabinet'

By Ivor Owen

NEXT WEDNESDAY'S special Cabinet will not result in any dramatic change in the Government's economic policy, the Prime Minister forecast in the Commons yesterday.

She vigorously denied a suggestion by Mr Michael Foot, the Opposition leader, that it was "an emergency Cabinet" and asserted that it was no more than a routine stage in the normal annual cycle of ministerial consultations about public expenditure levels.

"We shall carry on as normal," Mrs Thatcher declared. Mr Foot saw this as a terrifying message for the country signalling that the implied warning given earlier in the week by Mr Francis Pym, Leader of the Commons, that changes in economic policy were needed, was to be disregarded.

He recalled that in sharp distinction from the views expressed by other ministers, Mr Pym had stated that the bottom of the economic recession had not yet been reached.

If the Prime Minister was indicating that there should be no change of policy, this meant that the present unacceptable level of unemployment would persist right up to the end of the Government's period of office.

Mrs Thatcher again stressed that there was "nothing unusual" about the Cabinet meeting planned for Wednesday.

She pointed out that she had already acknowledged that there would be a further increase in unemployment which reflected the large number of school leavers.

# Speed warns of grave crisis over defence

Financial Times Reporter

MR KEITH SPEED, the former Navy Minister, yesterday warned that the present controversy over defence could lead to the Government's gravest crisis since the general election.

Speaking at Portsmouth, he said he believed the Government would hold a two-day defence debate before the summer recess begins next month.

He added: "Feelings are running high in the party.

"I think in terms of backbenchers defying the front bench, it could turn out to be the Government's biggest crisis."

# Paisley claims spark row over Belfast prison break-out

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THERE WERE heated exchanges in the Commons yesterday over allegations that one of the solicitors being questioned in connection with the escape of eight IRA men from the Belfast's Crumlin Road jail had terrorist associations.

The allegations—fro the Rev. Ian Paisley (Democratic Unionist, Antrim North) and Mr James Molyneaux, leader of the Official Ulster Unionists—were made as Mr. Humphrey Atkins, Northern Ireland Secretary, announced that Mr. W. H. Pearce, chief inspector of prisons, had already began an urgent inquiry into the escape.

Mr Atkins admitted that the dramatic breakout was "quite clearly a failure on the part of the authorities over which I am responsible."

Thie fact that the allegations could be made under the protection of Parliamentary privilege brought strong protests from Mr Michael Foot, leader of the Opposition, and MPs on both sides of the House.

But the Speaker, Mr George Thomas, said he was powerless to prevent them as no charge had been made against any of the solicitors and the case was therefore not sub judice.

Mr Paisley said one of the solicitors, Mr Oliver Kelly, had twice been interned and was married to Allish McDermott, whose brother laid a bomb in the Conway Hotel and was shot dead by the RUC.

He claimed that Mr. Kelly's brother is an election agent for Mr Charles Haughey, the Irish Prime Minister. Therefore he thought it very unlikely that the Republic would hand back the escaped IRA mer if they fled across the border.

Mr Paisley said solicitors, clergymen and doctors were not being searched when they entered the Crumlin Road prison.

Mr Molyneaux said Mr Kelly was a former republican internee internee who qualified in law while serving in the Maze prison. He alleged that two of Mr Kelly's brothers currently held senior positions in the IRA.

"There is a real fear that IRA agents have infiltrated the legal profession in Northern Ireland in order to promote anarchy and subversion,' ' Mr Molynneaux added.

Mr Foot intervened to ask if Mr Paisley was justified in raisin gthese matters and suggested that to use names in this way might prepudice any legal proceedings.

Mr Kevin McNamra, (Lab., Hull Central), protested that people were being put into a position of "guilt by association and smear" as a result of remarks in the House. He called for the procedure to be investigated by a Select Committee.

Mr Atkins said it had been thought that procedures to prevent people bringing arms into prisons in Northern Ireland were adequate. But clearly they were not in this case.

"The immediate concern is to find out what went wrong and prevent it happening again," he declared.

Mr Atkins said the escape began while the eight prisoners were in discussion with three solicitors in three separate groups, each group in a cubicle in the prison. The prisoners produced three pistols and forced their way out.

Immediately after the escape, two solicitors and one solicitor's apprentice were arrested and were still in custody together with two other men who had been arrested in connection with the incident.

Alan Watson in Belfast adds: The Royal Ulster Constabulary believes the men who escaped from the prison are still in the city but police in the Irish Republic are also on alert in case they seek refuge across the border.

The IRA, for whom the escape is a major propaganda boost, let it be known in Belfast that all eight men were "in safe hiding."

# Start-up scheme change

BY IVOR OWEN

GOVERNMENT AMENDMENTS improving the new business start-up scheme introduced in the Budget were approved by the Commons standing committee considering the Finance Bill last night.

Mr Peter Rees, Treasury Minister of State, said it was hoped that the tax reliefs being provided under the scheme would lead to a significant injection of new capital into the small businesses sector.

While welcoming the concessions on behalf of the Opposition, Mr Robert Sheldon emphasised that there was a daiger of the benefits provided being exaggerated.

# TECHNOLOGY

EDITED BY ARTHUR BENNETT AND ALAN CANE



## Turbo-charging for two wheels

BY JOHN GRIFFITHS

HONDA HAS unveiled its first prototypes of a 500 cc turbo-charged motor cycle.

The company says it regards the turbocharging of small engines, to give equivalent power to a larger unit but with much improved fuel consumption, is one of the main technical challenges to be faced in the 80s.

Turbocharging of motor cycle engines, because, typically they have fewer cylinders than a car unit, is technically difficult because of the more distinct exhaust "pulses" from combustion.

Honda has devised a complex, but apparently effective, system for its turbo bike, which it claims to have demonstrated with equal (130 mph) performance to its 900cc machines, but improved fuel consumption compared with a standard 500cc model.

### Memorised

The turbo engine bears a strong physical resemblance to its conventional twin-cylinder 500cc engine. But it makes very extensive use of electronics.

Two separate types of data are fed into a digital computer controlling its fuel injection system':

One is fuel quantity requirement as a function of engine speed and turbocharger boost pressure; the other is the fuel requirement relative to engine speed and throttle opening. Both are memorised in the form of three-dimensional "maps."

Should one system fail, the other takes over to allow the motor cycle to continue to operate.

The turbo unit is extremely compact. Incoming air is inducted into the compressor through an air cleaner and reed valve and passes into a surge tank through a resonance chamber passage. It is the reed valve and resonance chamber which holds the key to preventing compressor surge.

The pressurised air is guided to each cylinder through two independently controlled throttle valves. The exhaust gases are merged into a single outlet immediately ahead of the turbine, which has been placed as close as possible to the exhaust ports in order to cut down the throttle "lag" often associated with turbochargers.

The turbine itself is the smallest used to date in such engines. It is only 50 mm diameter with a rotation speed of up to 200,000 rpm, and has helped to improve throttle response through its lower inertia against a larger unit.

Honda's turbo is now drawing near to the end of its development phase. But work remains to be done on more conventional aspects of bringing a new machine to market, such as weight-saving.

Thus, Honda, as yet, is unable to say when the machine will go into volume production, or what its price is expected to be.

The company says it intends to apply turbocharging to other motor cycles in its range.

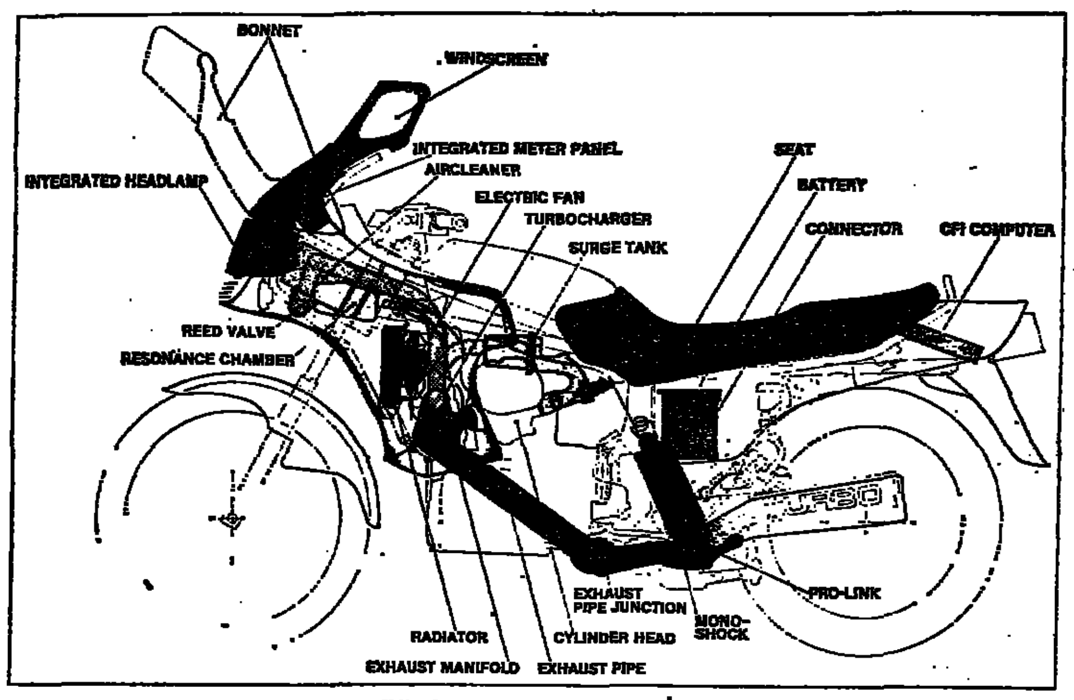
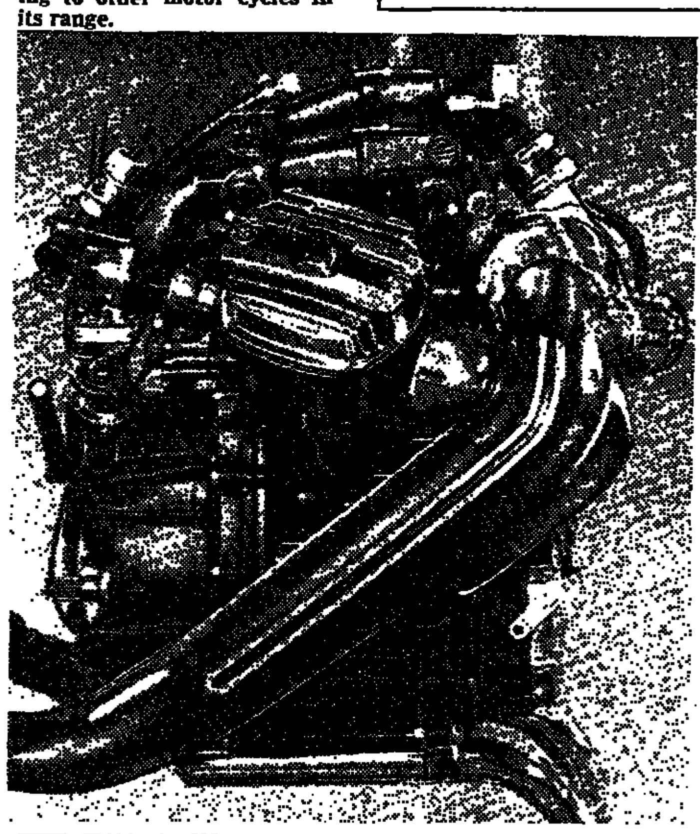



DIAGRAM of the features of the new Honda and (below) testing the machine on a proving ground near Tokyo



THE HONDA CX500 power unit makes extensive use of electronics

## Powerful GEC computer

AN IMPROVED price performance ratio is the main benefit of a new 32 bit general purpose computer just launched by GEC.

The machine, designated 4090 is the company's most powerful to date and is compatible with the current GEC 4000 series in terms of software and peripherals.

Thus, existing users of the 4000 systems can increase their computing facilities without risking past investment.

## Computer solves the Arabic problem

A COMPUTER terminal is now capable of generating the Arabic language with all of the 140 potential word shapes and the 13 possible accents the language can produce. This means that Arabic can now be printed for the first time in its pure form.

In the past, Arabic had to be adapted to machinery devised for the Latin alphabet. This truncated Arabic has not proved satisfactory, because if you write ABC in Arabic, the form of the letters will be different from a word written CBA or BCA.

### Antagonism

The Arabic produced, while legible, was in a form displeasing to the Arabs. Its unnatural form created cultural antagonisms, particularly in the more conservative countries.

Syed Hyder a Montreal professor has discovered a subtle linguistic relationship between eight and later 16 groups of Arabic letter shapes. This can be expressed by a computer algorithm which enables the computer to write the five shapes in which some letters are expressed.

The discovery has been likened to the unravelling of the genetic code. The difficulty in constructing such an algorithm is underlined by the fact that there is no standard set of rules by which a student of Arabic learns to make the letter changes when learning to write the language.

One simply learns by doing. A further difficulty was the positioning of the accents. Some letters have two accents over them and their position depends upon where the other accent is placed.

The Hyder algorithm was written onto a computer chip and inserted into a C$1,600 Olympia typewriter, the disc typing unit of which contains all the forms of the Arabic letters.

When you type an Arabic ABC, the computerised linguistic memory takes over, deciding in milliseconds what letter forms are needed.

The computer memory will automatically change the letters to other forms if you type CBA or BCA or whatever. More than C$12m worth of computer display devices have already been sold to the Saudis by Quebec manufacturer, COMTERM.

## Clean and stack machine

SPECIAL-PURPOSE handling machinery manufacturer, Tamplin Engineering, has devised a machine for automatically washing and stacking the large boxes used for the cultivation of mushrooms. The unit could be used by other industries with similar cleaning and stacking problems.

The unit, called the Dipstak, accepts the boxes, one by one, from a conveyor and turns them over to remove as much of their contents as possible. The boxes are then lowered into a tank containing the washing fluid and are held there for a predetermined period.

Details of machines like this can be obtained direct from the company at Birdham, Chichester, Sussex. (0243 512599).

## EEC research throws light on the processes of corrosion

RESEARCH WORK at the Joint Research Centre of the Commission of the European Communities is shedding some light on the process of corrosion and embrittlement at high temperatures and indicating some ways in which it can be countered.

Object of the work is to allow, ultimately, the energy generation and petrochemical industries to operate equipment at higher temperatures where the laws of thermodynamics show that the higher efficiences are atainable with correspondingly reduced costs.

Carburisation in atmospheres of hydrogen and methane is one of the principal problems. A team at the centre in Petten in the Netherlands has found for example, that while some alloys may offer good resistance to corrosion up to 825 deg C, it only required the temperature to rise another 100 deg C to double the uptake of carbon into the metal surface and interior.

Between 825 and 1,000 deg C the carburisation rates of several kinds of steel have been found to increase 10 times.

In terms of prevention there has been one very interesting discovery.

### Implication

Jim Norton, one of the team members at Petten says: "For some time the fabricators of petrochemical plant have machined the bores of their pipes because they have observed increased corrosion resistance as a result."

The implication is that they have not known the reason for the effect and Norton continues: "Machining treatments which induce deformation of the surface structure, promote higher corrosion resistance by aiding the transfer of silicon to the surface" (presumably from the silicon steel of the boring tool).

So, the team has tried plant fabrication alloys with silicon in them and have found that when the content was increased from 0.25 to 1.5 per cent, the carburisation resistance increased tenfold. But at 1,000 deg C the oxides of silicon become unstable and the useful effect vanished.

It has also been found that nickel is beneficial in preventing the uptake of carbon. At temperatures in the 1,000 deg C region the proportion of nickel to that of chromium plus iron can be an important factor.

By increasing the ratio of nickel to chromium plus iron from 0.3 to 1.0, the time taken to form a carburised layer can be extended by a factor of three. More on Brussels 735 0040.

GEOFFREY CHARLISH

## Insecticide is safe for food preparation areas

A NEW insecticide which increases the lethal effectiveness of natural pyrethrins but can be used safely in food storage and preparation areas has been developed by 3M using microencapsulation technology.

The company claims that its Sectrol insecticide will control a wide variety of pests from cockroaches to silverfish and should find use in shops, restaurants, bakeries, grain mills, etc.

The company says that the pyrethrin compound derived from African marigolds, although a potent insect killer, normally lasts only for about 24 hours after application.

By sealing the compound in microscopic spheres and using "controlled release," 3M has extended the compound's effective life by up to 60 days.

The compound starts to take effect as soon as an insect comes into contact with a treated surface. The capsules are picked up and carried by the insect which continues to ingest the compound until its death, usually only a matter of minutes.

### Concentrate

The company says that Sectrol is intended for indoor use and can be applied to almost any surface. It is supplied as liquid concentrate which can be diluted and sprayed using conventional equipment. More from: 3M Industrial Tapes Group, PO Box 1, Bracknell, Berks., 0344 58423.

## Cable and wire meter

CABLE, wire and many other flexible materials up to a maximum diameter of 2 inches can be measured with the aid of a meter just put on the market by Eraser International of Andover, Hants (0264 51347).

Two steel rollers measure the wire or cable as it passes through the meter and these rollers drive a 5-figure digital counter which indicates in feet and inches. A re-set button is incorporated in the unit to return all indicated figures to zero.

The meter is self-adjusting and will automatically accommodate different sizes of cable. The company says accuracy of the meter to about ½ per cent is ensured by the use of swivel wire guides which ensure the material being measured is retained in a fixed plane. The meter measures 12 by 7 by 7 inches, weighs 12 lb and requires no power supply.

# BUSINESSES FOR SALE

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| | |
|---|---|
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1. processing of fresh meat
2. canned vegetables and fruits
3. preparation of snacks; soups; sauces; etc.
4. production of dairy-industry and others.

For further information, for making eventual agreements for inspection of the factory and for demands in order to receive a detailed leaflet, interested parties could contact COVECO N.V., Mr. H. Grevink, to be reached by phone from 9-17 hours: 05496-1441, in the evening: 05496-1779.

COVECO

COVECO N.V. P.O. Box no. 46, 7640 AA Wierden - Holland.

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# THE PROPERTY MARKET BY ANDREW TAYLOR

## Paris market stays cool

THE ELECTION last month of M Francois Mitterrand as the first Socialist President of France since the Fifth Republic was created in 1958 has so far left the Paris property market relatively unruffled.

As yet the reactions among French property investors have been muted by comparison with the flight taken from the equity markets since M Mitterrand achieved his dramatic victory. Between May 5 and June 2 the Agefi general index on the Paris Bourse declined by 14 per cent.

This Sunday, however, sees the first round of the French parliamentary elections. The key concern of the sizeable community of British firms of estate agents and chartered surveyors operating in Paris is the extent to which M Mitterrand may have to rely on Communist support to obtain a working majority in the National Assembly.

"It is rather like the atmosphere would be in the UK if Labour were to win the next general election. The financial markets might be less concerned at the election of figures like Michael Foot and Denis Healey than they would be about what influence people *like Tony Benn and his supporters* would have on the Cabinet," said one British agent. rand's policy statements indicate that the President is poised to launch a full scale frontal assault on private sector property investment. However, he has announced a series of moves which are likely to have a significant impact on the property market and how it operates.

Not least of these measures is the President's announced intention of creating a further 200,000 public sector jobs. "If *only a third of these jobs come* to Paris, it could create demand *for an extra 1m sq ft of office* space," says Robert Lipscombe of Jones Lang Wootton which this week celebrated the 10th anniversary of its Paris bureau.

Other areas can also expect to benefit from the President's job creation scheme. It could help cities like Strasbourg where there has been a significant over-supply of accommodation.

### Office rents

Meanwhile Paris office rents, having hit a sticky patch during the mid-1970s along with most other major European centres, have picked up during the past two years. Growth has been steady, if undramatic and prime office rents in the centre of Paris are now averaging around FFr 1,200 a sq metre (some £10 a sq ft).

It is in the office investment market that the recent strength of the Paris property market is best illustrated. A dramatic shortage of prime investment opportunities—as strict planning controls have brought new *development in the central areas* to a virtual standstill—has pushed investment yields on the best office space down to as low as 5 per cent. This compares with prime Paris office yields of 8 per cent several years ago, says JLW.

The sharp rise in capital values over the past few years has brought renewed interest in the Paris commercial property market from a number of British companies.

Recent interest, however, has been restricted largely to property trading opportunities rather than long term property investment. Currency risks, high borrowing costs and the fact that investment institutions like pension funds are not exempt from tax makes it difficult for British investors to consider property in France as a long term investor.

Higgs and Hill is among several British developers which have remained active in the Paris market. The company has recently been involved in the development of three industrial buildings at Sartrouville to the north west of Paris. Higgs and Hill is also building two office blocks at Velizy five miles south west of Paris.

"The French are a thrifty nation and two of the most important investments a rich Frenchman can make are gold and property," says Peter Buttery of Weatheralls in France.

"Plans to introduce a wealth tax could shake out a number of investment properties now in private hands. A number of not insignificant office blocks in the Champs Elysée area are for example in private hands."

*M Mitterrand's policies as* summed up by one British agent in Paris this week are "more anti wealth than they are anti property" but plans to tax the wealthy could have important ramifications for the property market.

However, Miles D'Arcy-Irvine of rival agents Jones Lang Wootton believes that so strong is the current demand for top quality office investments in Paris that the market could easily absorb any space which is shaken out as a result of a wealth tax.

"In the short term," he says, "I do not believe there are any significant problems for the French property market. What is more disturbing are the likely long term implications of M Mitterrand's policies. If these lead to a high interest rate high inflation economy it will cost jobs and affect tenant demand particularly in the *industrial sector.*"

Certainly high interest rates seem likely to hit the important "credit bail" system of financing industrial development—a sort of property hire purchase scheme accounting for an estimated 30 to 40 per cent of all French industrial deals.

Under "credit bail" a factory user borrows from a finance house or bank all of the money needed to fund the development. Then over a 15 to 20 year period he pays an inflated rent, eventually acquiring the property for a nominal capital sum at the end of the lease.

M Mitterrand's plans to nationalise banks and insurance companies has surprisingly caused little consternation among the British agents. "Since the last war the top three banks and around 30 insurance companies have been nationalised," says Peter Buttery of Weatheralls.

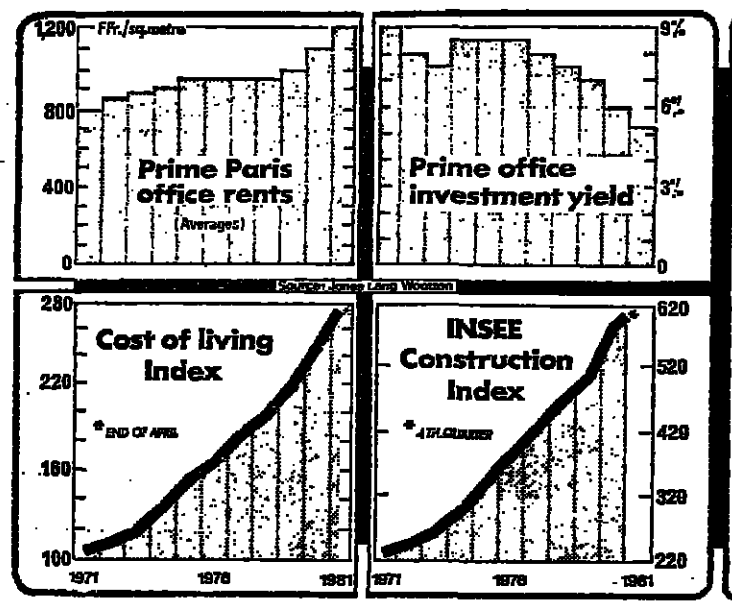
### State control

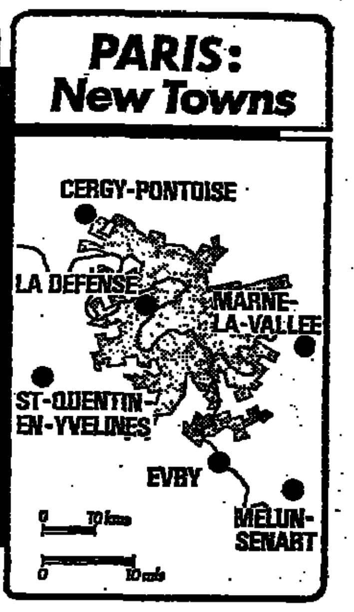
"These nationalised banks and insurance companies already either control or manage around 60 per cent of the commercial property related companies on the Paris Bourse."

French commercial property leases traditionally run for nine years with three-year break clauses for the tenant. Rents during the life of a lease are indexed against construction costs measured by the Government controlled INSEE Index.

"One fear is that the Government may seek further to control rents as Prime Minister Raymond Barre did in the late 1970s when commercial rental growth was limited to 6½ per cent," says David Lowe of Edward Erdman, which earlier this year extended its French operations by forming a joint company with Auguste Thouard the French property consultants.

Like other British agents David Lowe has few fears about the immediate future for the Paris property market. But, undoubtedly, a number of important questions remain. Some of the answers may be provided after the second round of the Parliamentary elections due to be held on June 21.




## Decentralisation, and La Défense

ALMOST EVERY French head *of state since Napoleon* has announced a policy to decentralise political, commercial and industrial power away from the Paris region. How M Mitterrand intends to tackle this problem will have major implications for property development over the next few years.

In recent times the main thrust of decentralisation policy has come from the DATAR, a system under which developers seeking to build factories or offices in the Paris region have been forced to seek development permits for buildings over a certain size.

However in terms of decentralisation of offices the scheme has proved largely to be a failure. This to some degree is the fault of the Government, which has actively encouraged the development of a series of new town style authorities ringing the capital.

La Défense, although not technically a new town and situated towards the outskirts of the capital, has been particularly successful over the past two years in attracting major office users which for one reason or another have been unable to find accommodation in the central areas.

IBM, for example, has agreed to take 60,000 sq metres in La Défense for its new headquarters. Citibank is developing its own offices above the completed shopping complex. Some of the Citibank building will be sub-let.

Rhone Poulenc which sold its portfolio of central Paris offices to Kuwaiti interests last year is also to move to La Défense as is Saint Gobain, which also sold its Paris headquarters last year.

La Défense was originally conceived in the 1950s with the Government pumping vast sums of money into the project through Établissement Public Pour L'Aménagement de La Défense. When completed the scheme will provide around 1.5m sq metres of office space—with around 1m sq ft already completed or under construction.

### Shaky start

After a shaky start—some of the first buildings started in the late 1960s and early 1970s were badly designed—the scheme has started to pick up over the past two years.

"There is currently only around 40,000 sq metres available in the centre and most if not all, the schemes under construction have been pre-let. Top rents are now around FFr 800 to FFr 850 a sq metre (£7 a sq ft)—although older buildings where service charges are higher are still letting at around FFr 600 a sq metre" (£5 a sq ft), says Robert Lipscombe of Jones Lang Wootton.

The success of office development at La Défense in recent years has been repeated, although to a lesser extent in the new towns to the west of Paris, says JLW. However the agents says that moves to decentralise industrial accommodation further way from Paris has been more successful—even though there is still a tendency for companies to want to remain close to the seats of political and commercial power.

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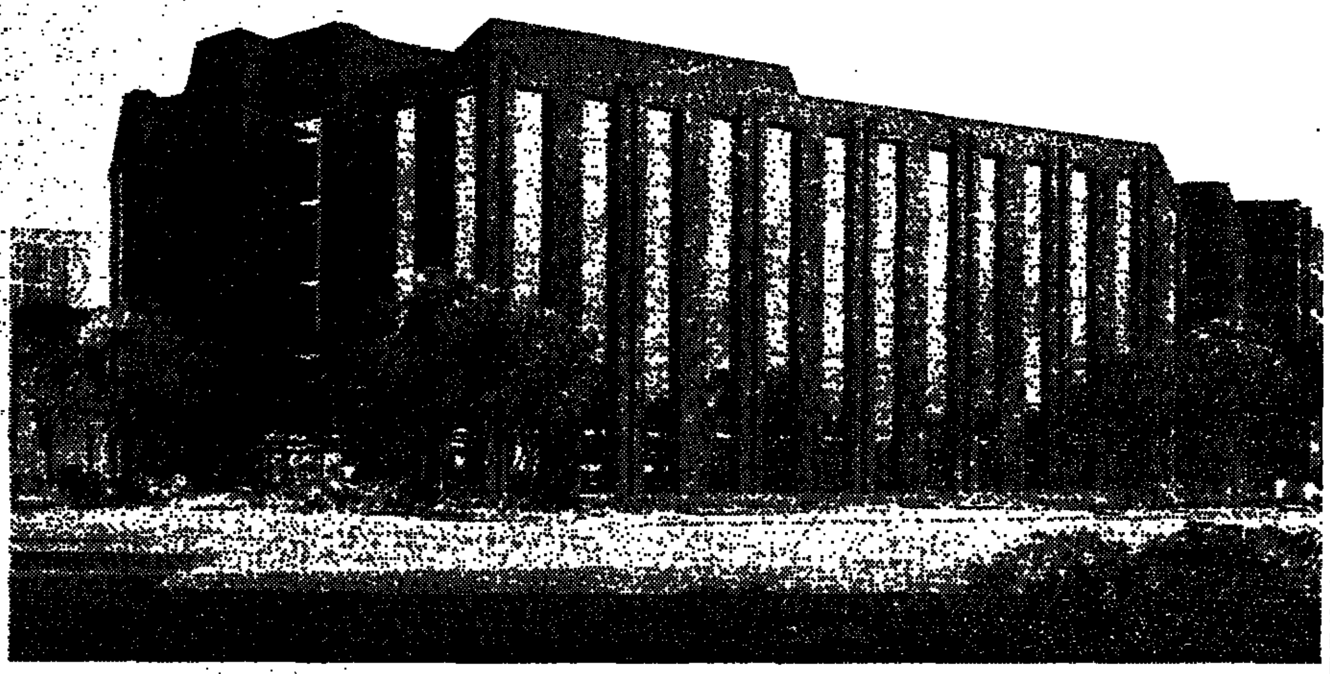

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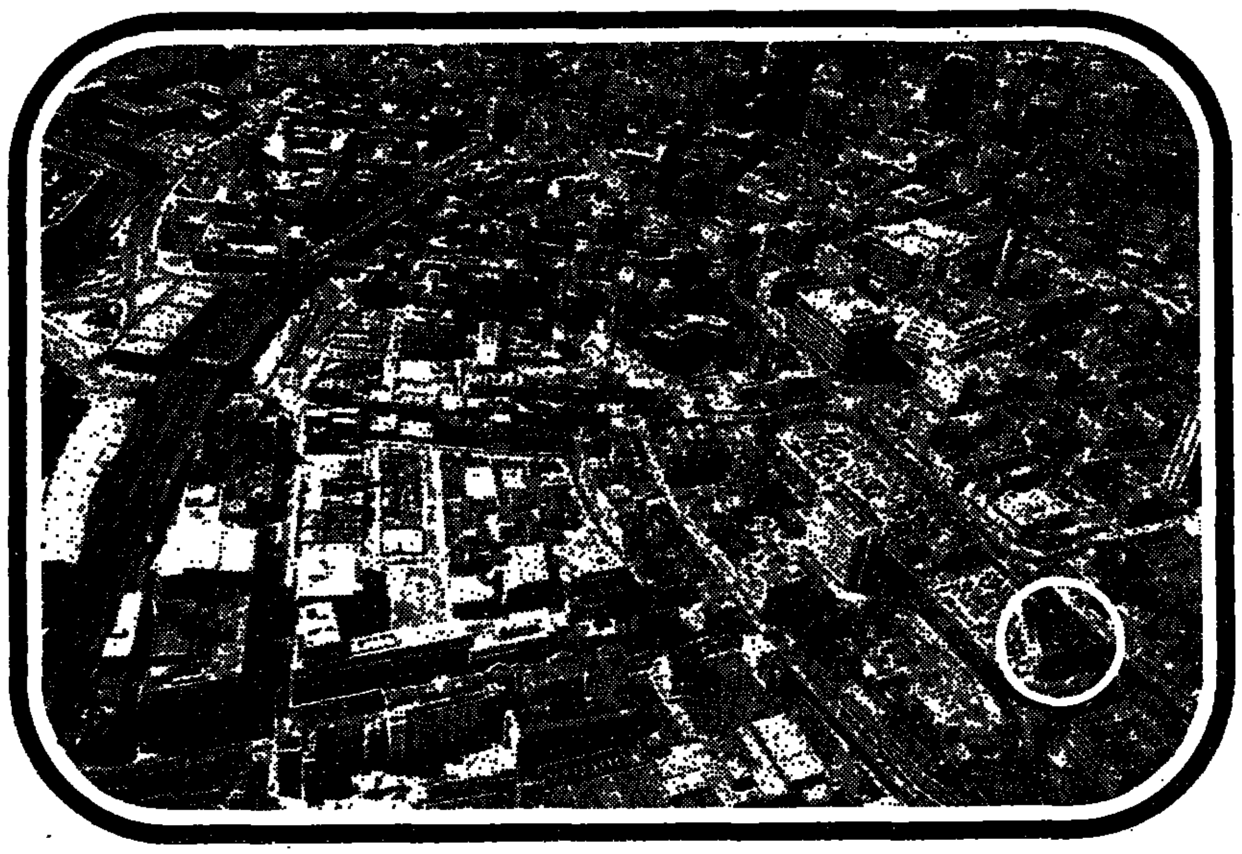

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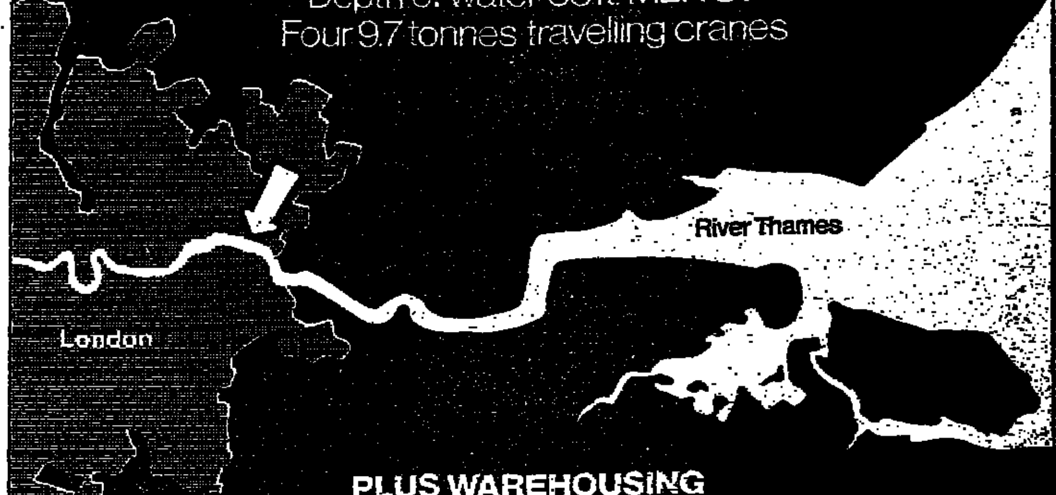


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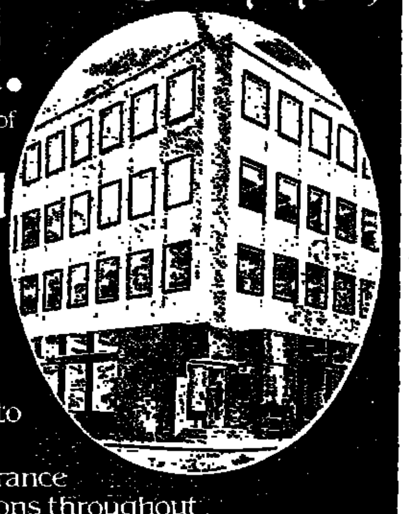

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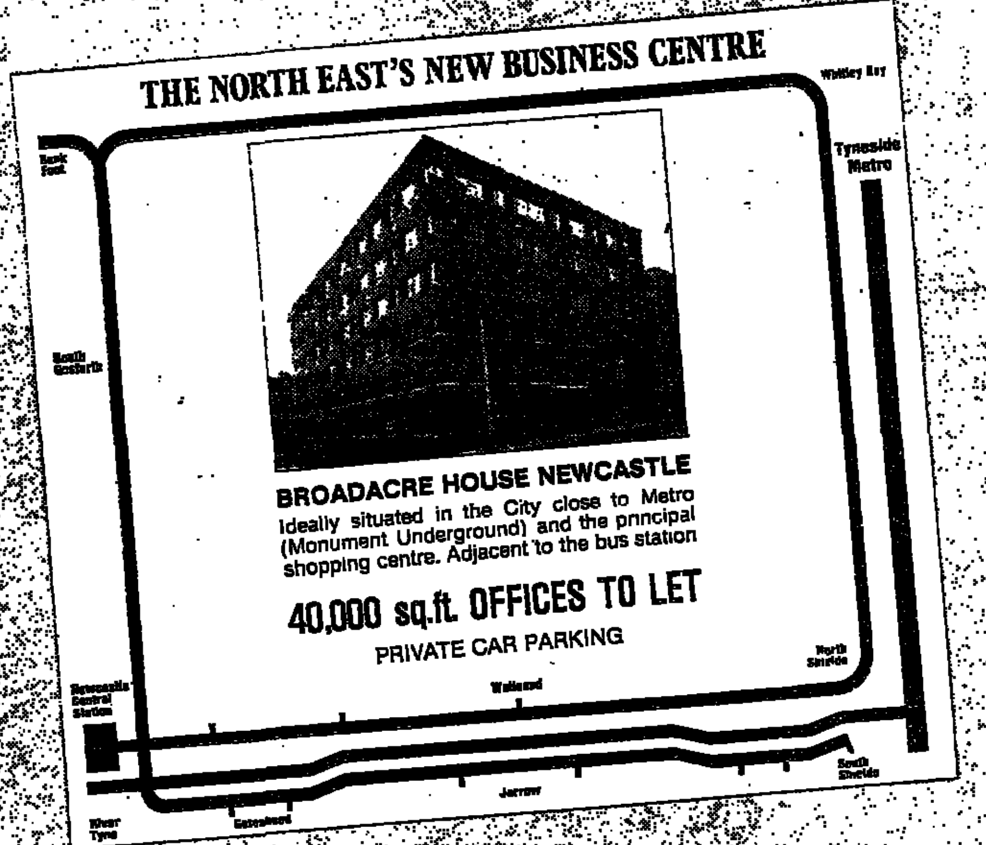


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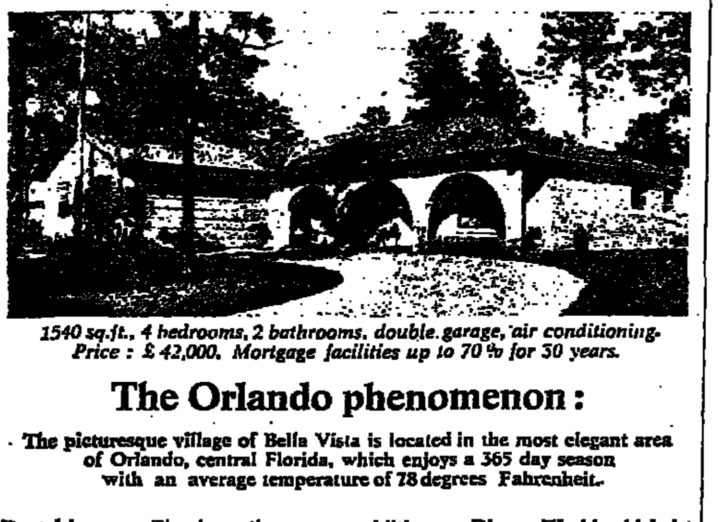

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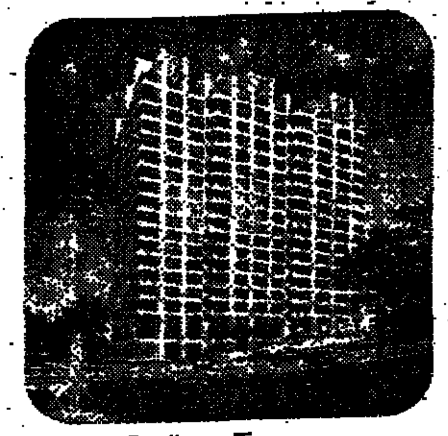

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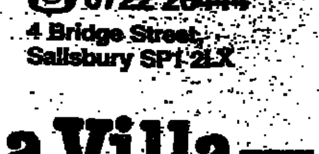

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THE MANAGEMENT PAGE



EDITED BY CHRISTOPHER LORENZ

# When a cut in market share is purely a matter of tactics

**Sue Cameron** explains why Dow Chemical Europe is prepared to do the unthinkable

DOW CHEMICAL Europe—the company that cheerfully admits it is "not part of the chemical establishment"—is about to cap its reputation for unorthodoxy by preparing to accept a cut in its share of certain markets in plastics and petrochemicals.

Dow has come to the conclusion that the constant battle to retain a high market share can be a mug's game—and an extremely expensive one at that. It points to the woes of the European fibres industry as a prime example of what can happen when everything is sacrificed on the altar of market share.

The U.S.-based group is therefore embarking on a strategy designed to free sufficient funds for it to be able to do three things:

- Secure its own in-house supplies of petrochemical raw materials;
- Maintain its present strength in industrial chemicals and plastics—despite, or perhaps because of, its willingness to give up market leadership in some areas;
- Expand its research-based speciality chemical businesses.

Dow is following this three-pronged policy on a worldwide basis, not merely in Europe. In some ways it is not particularly revolutionary. Virtually all the major chemical companies in both Europe and the U.S. are at least paying lip service to the notion that the future lies in high added value, research-based products. A number are devoting as much, if not more, effort to building up their speciality businesses as Dow.

What makes Dow different—in Europe at least—is its approach to its traditional petrochemical and plastics operations. Some of its competitors

| DOW CHEMICAL EUROPE in 1980 | |
|---|---|
| Sales ......... | \$3.2bn (+21%) |
| Pre-tax profits | \$312m (−10.3%) |

in Europe still seem decidedly hazy as to what they should do with their commodity businesses—beyond closing plants or even pulling out altogether when recession makes the going too tough.

After a year in which it still made a healthy profit on plastics and petrochemicals—in spite of the recession and in stark contrast to the fallen fortunes of so many of its competitors — Dow Chemical Europe is confident of its existing position in plastics and industrial chemicals—which is one reason why it feels able to contemplate some loss of share in certain products as part of a strategy of reducing risks and buoying profitability.

Frank Popoff, the engaging bespectacled president of Dow Chemical Europe, explains that it already takes a "horrendous amount of money" for the company to hold onto its present position in commodity chemical markets.

Dow as a whole now spends between \$1bn and \$1.25bn a year, Popoff points out. "One third of that goes to retain our market shares in our top 10 commodity chemicals; we spend another third on such things as plant maintenance and that leaves only the remaining third for acquisitions and the development of new technology businesses. That's the wrong ratio."

"To keep up your market share in one of the commodity chemicals you have to build a major plant every few years," Popoff explains. "Either you build it and take the extra business or else you have to allow your chief competitor to do it — and these plants involve heavy capital investment.

"The bigger you are in a given market and the fewer people there are competing in that market, the more vicious the circle becomes. We at Dow now have, say, 15 per cent of the European polystyrene plastic market. But we are willing to lose some market share in some commodities and maybe we will have to go down to 12 per cent in polystyrene."

## Survive

Popoff, who has a disarming air rather akin to that of Sergeant Bilko in the American television series, smiles broadly and wags a cautionary finger: "Please note that I only said maybe — we won't be giving up anything unless we think it's really necessary."

At a colloquium in Amsterdam last month Popoff forecast that only 20 of today's top 30 Western chemical companies would survive in their present form to the end of the century. He believes that "Dow will be one of the finalists." He also considers that chemical producers who go in lemming-like pursuit of market share will be the "people who'll disappear."

It was Dow's quickness off the mark in raising—and cutting — prices which has helped place it outside the European chemical establishment to the extent that its competitors view it with a mixture of respect and loathing.

But its new willingness to consider accepting lower shares by forgoing some new plant construction does not imply that it will be any less agile over pricing.

So sighs of relief from its competitors would be ill-advised. Any retreat by Dow on the market share front is intended to be seen purely as a matter of tactics, not an admission of defeat. In many ways the group is actually working to strengthen its position in plastics and basic chemicals, notably by improving its raw material position.

Traditionally Dow has bought in large quantities of naphtha, the most important of the petrochemical industry's oil-based raw materials, at prices related to those of the Rotterdam spot market. This has given it considerable flexibility. And when spot market prices have been lower than average European contract prices, Dow has been able to benefit by selling its products more cheaply than its competitors.

But the Iranian revolution and the ensuing crisis in the world's oil markets highlighted the risks of this feedstock policy. Spot naphtha prices soared above average contract prices and there were fears about suppliers.

As it happened, Dow was not hit too hard by this unpromising combination. Its flexibility on raw material sources enabled it to obtain supplies; this, plus its very size as a naphtha buyer, also meant it was not badly bitten on the cost front. But it evidently saw the red light. Next time it might not be so lucky.

A major plank of Dow's new approach is therefore to secure plentiful supplies of economically priced raw material, whether naphtha or the gas liquids that can also be used to make petrochemicals. Today the company buys over \$1bn worth of feedstock in Europe—with 3m tonnes being required for its Dutch site alone.

"We are trying to integrate ourselves backwards into raw materials so that we can build up the industrial chemicals and plastics side of our business," Popoff explains.

The group has just signed a \$1.5bn joint venture deal with Saudi Arabia. The agreement will involve the building of a 500,000 tonnes a year plant at Jubail on Saudi's Gulf coast, where ethane gas will be used as a raw material for making ethylene, the so-called building block of the petrochemical industry. Two major plastics materials—high density and linear low density polyethylene—will also be produced by Petrokemya, as the new joint Saudi/Dow company is to be called.

Chemicals produced at the Jubail complex will be sold in the Middle East, Africa, the Pacific Basin, Europe and the U.S. But Popoff thinks that neither Northern Europe nor the U.S. will take large quantities of plastics and petrochemicals from Saudi—although he admits that "Southern Europe could be an exception."

The whole question of Middle Eastern petrochemicals development puts the European industry in a dilemma: whether to stay out and hope to delay the entry into its markets of a powerful new competitor, or whether to try and gain an advantageous stake in the region at an early stage.

Popoff is, on the whole, optimistic. "I think petrochemicals development in Saudi will force Europe to address itself to downstream, research-based products," he says. "We must remember that only a few, big commodity chemicals are going to be produced in places like Saudi. Perhaps some of the basic products made in the Middle East will be blended or modified in some way here in Europe."

But Dow is not relying solely on the Middle East to secure its position on raw materials and basic chemicals. It is also one of a group of companies fighting to use gas liquids from the North Sea as petrochemical feedstocks.

Dow has a scheme for building a petrochemicals complex at Nigg Bay on the Cromarty Firth in Scotland. But the arguments over which companies should be given priority supplies of liquids from the UK's planned new £2.7bn gas gathering system are still far from settled.

Popoff considers that "economics are on the side of development at Nigg," where Dow has already bought land.

"We didn't go to Nigg on a lark," he says. "We're not part of the UK chemical establishment so we figured that the best way to become part of it was to invest in some real estate."

## Anarchy

He describes the current state of play over allocation of gas liquids from the North Sea pipeline as "anarchy." But then a more than usually Bilko-like look of consternation crosses his face. "Oh, Oh. Did I say something naughty there?" he inquires.

The deal with Saudi should enable Dow significantly to improve its raw material position and so safeguard its industrial chemicals and plastics business—even at the expense of some market share. Whether it will be able to strengthen itself further in these two areas by pushing through its plans for Nigg Bay remains to be seen.

It is believed that a Dow team went to the U.S. Department of Energy to discuss the question of Nigg Bay a few weeks ago and its members described themselves to officials as "just a bunch of mid-West hicks." The mandarins are apparently still wondering whether or not to take these words seriously.

It is Dow's ability to think on its feet, its now-you-see-us-now-you-don't approach that has helped to make it successful—as well as confusing the opposition.

Whether Dow will actually have the nerve to stick to its strategy and take a cut in market market share when necessary remains to be seen. But such a move is almost certain to be seen as heresy by the rest of the European industry, whose members all agree that sacrificing everything to maintain market share can often be disastrous—but who do it with monotonous regularity just the same.

Frank Popoff: spending a "horrendous amount of money" to hold on to its present position in commodity chemical markets

**Dow is devoting considerable effort and money to the expansion of its research-based speciality chemicals businesses in Europe. The strategy is clearly dear to Frank Popoff's heart.**

**Earlier this year Dow paid \$260m for the worldwide ethical pharmaceutical business of the U.S.-owned Richardson-Merrell. Some 30 per cent of Merrell's pharmaceutical sales are in Europe and the deal covered the group's major research laboratory in Strasbourg. The purchase was designed to build up Dow's presence in pharmaceuticals — it already owned the Lepetit drugs group in Italy. Last October Dow also bought the Italian-based Archifar drugs company (above).**

**Dow Europe reckons it spends considerably more on pharmaceutical research than the average 10 per cent of sales spent by the group worldwide.**

**But even excluding pharmaceutical research teams, the group currently employs some 500 people in research and development in Europe and it spends some \$80m a year overall on research in Europe.**

**Dow believes that one of its strengths in research-based chemicals is the way it integrates manufacturing, marketing and new developments.**

**"Some companies put their research and development people in a laboratory and once there they rarely see the light of day," Dow says. "We don't have that false division. We are good at scaling up new processes and new discoveries and we make sure that what is happening in the manufacturing area is in line with the latest basic research."**

# Management abstracts

*These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £2.50 each (inc. VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.*

**Corporate Planning in Nationalised Industries.** D. J. Harris and B. C. L. Davies in Long Range Planning (UK), Feb. 1981: p. 15 (8 pages, charts, tables)

Examines developments in corporate planning in named nationalised industries; describes the content and timescale of the planning process, and indicates the sort of documents submitted to government. Finds that such planning has strengthened control and improved the quality of the dialogue with government; points to flaws, however—not least of which is the assumption that all nationalised industries are capable of operating to a uniform required rate of return.

**Interactions between Product R & D and Process Technology.** E. C. Etienne in Research Management (U.S.), Jan. 1981; p. 22 (6 pages, charts, diags.)

Describes a product life cycle in terms of changes in the patterns of sales and competitive strategies; similarly, describes a theory of the life cycle of a manufacturing process; finds that by combining both theories one can achieve a much greater understanding of, and control over, both manufacturing and marketing operations; explores the implications.

***New Employee Training in Japan.*** H. Tanaka in Personnel Journal (U.S.), Jan. 1981; p. 51 (2½ pages)

Outlines the principles and content of orientation training for new employees—which may last up to a year—in Japanese industry, particularly the stress laid on learning through experience, and teamwork.

**Political Risks in Foreign Investment.** B. Donath in Industrial Marketing (U.S.), Feb. 1981: p. 56 (4½ pages, table).

Discusses how to assess political risks when making foreign investments decisions, and outlines questions that need to be asked; gives a lot of practical tips, eg, borrow money locally — then, if they expropriate, it's their money.

LOMBARD

# Too many voices at the EEC

BY JOHN EDWARDS

"WE USED not to pay much attention to British complaints about the EEC bureaucrats in Brussels: but now they have our deepest sympathy." The speaker was a delegate at the International Tin Agreement meeting recently when the role (or rather lack of role) played by the Community representatives caused particular annoyance and frustration.

Similar views have been expressed by delegates at other international commodity negotiations, where the EEC's behaviour often creates friction and confusion. The situation has worsened in line with the Brussels Commission's moves to extend the principle of the Community speaking with one voice at international meetings.

## Common view

The principle may be sound in that the Community, as a leading importer of raw materials, should have a common view. But to be effective the common voice has to be able to speak clearly and not be strangled into inaction by internal disputes between the member countries of the Community.

At the Tin Council meeting the EEC representatives were unable to do much. Indeed they would probably have been forced to abstain from any voting on the crucial matter of raising support prices, because of disagreement among the member countries' delegations.

In other commodity negotiations there have been similar problems with the Community normally being reduced to coming up with half-baked proposals much too late in the day. The squabbles within Community delegations cause bewilderment and greatly undermine the credibility of proposals finally put forward by the EEC.

The flexibility of the EEC negotiators is severely restricted in many cases since their mandate, arrived at often after acrimonious discussions, is already full of compromises needed to reach the required consensus. So any further compromises, proposed by outside countries, upset the delicate balance achieved and have to be thrown back into a further round of heated discussions. Instead of one government being consulted on a possible compromise, ten capitals might have to be contacted before the Community delegation can decide its position.

The basic problem is that on many issues there isn't a Community accord; normally each member country has its own special interests to further or protect, often at total odds with its fellow members.

For instance France is opposed to the Community joining the International Sugar Agreement since this would involve tampering with the common market sugar regime—one of the main planks in the Common Agricultural Policy strongly supported by the powerful beet growers lobby. Britain, which insisted on allowing cane sugar imports as one of its conditions for joining the Community, takes a totally different view.

But in other commodities, such as tin and cocoa, the French are more sympathetic to the views of the third world countries.

## Barriers

In the eyes of many developing countries, the EEC is already condemned for its import barriers and its apparent disregard for causing disruptions in world commodity markets that provide the lifeblood for many poor nations. It is difficult to remember at times that under the Lome Convention the Community claims to have set the model for strengthening trade links between the developed and developing world.

The Brandt Commission report, headed by prominent Community supporters, has given a clear warning that something must be done to redress the balance between the world's poor and rich countries.

But the failure of the Community to play a positive role at international commodity negotiations tends to confirm third-world suspicions that the EEC is not really interested in furthering the North-South dialogue.

If the member countries cannot even agree among themselves, there seems little chance of the Community providing the leadership that it should in helping to sort out the world's most explosive issue—the widening gap between the haves and have-nots.

# Taking risks to create jobs

BY ROBIN REEVES, WELSH CORRESPONDENT

AROUND BRITAIN

SWANSEA


TO WHAT extent should local authorities become involved in the creation of job opportunities? This is a question which county and town halls up and down the country are asking themselves as they consider how the employment base of their communities can be rebuilt after the ravages of the recession.

Local authorities have long had an industrial role in planning the basic infrastructure of their areas, preparing sites for industrial development, and even in the construction of small factory units for letting. But they have generally drawn the line at providing direct cash incentives to businesses establishing or expanding in their areas, regarding this as the function of central government industrial aid schemes.

Swansea City Council, however, decided recently to take the plunge and enter directly into the industrial aid business, by launching a New Enterprise Grants Scheme. It was designed, in the council's own words, "to enable job-creating commercial projects to proceed for which adequate finance would otherwise not be available."

The move was prompted by the decision of Sir Keith Joseph, the Industry Secretary, in 1979, to downgrade Swansea's regional status from development area to intermediate area, thereby removing the city's eligibility for all but 'discretionary industrial grants

The new scheme's legal basis was article 137 of the 1972 Local Government Act which authorises councils to levy a rate of up to 2p in the pound for any project of benefit to the community.

The council began cautiously, setting aside £20,000 for distribution to any small business project on a matching £1-for-£1 basis up to maximum of £10,000 in any single venture. Applications were invited from any small enterprise, sole trader, partnership, limited company or co-operative. The only conditions were the principal premises should be within the city's boundaries and it should provide new employment opportunities.

Even the most enthusiastic supporters of the scheme were surprised by the initial response. Thirty-eight fledgling businesses put in applications towards projects involving a total investment of some £750,000, an average of £20,000 a case—an indication that in spite of the worst recession since the 1930s, the spirit of enterprise is far from dead.

To process the applications, the council set up a five-man appraisal panel, on which outsiders would be in a majority. Together with the city treasurer and the director of the council's trade and industry centre, there are a local nominee of the Institute of Bankers, an expert from the Production Engineers' Research Association, and a senior lecturer in business studies at University College, Swansea, who takes the chair.

Of the 38 applications, many were for projects which were going ahead anyway, but were looking for a "soft loan" to broaden their capital base. The panel quickly narrowed the field down to 15 projects which it decided to examine in detail. After two interviews, approval was given to four projects, involving Swansea in an outlay of nearly £15,000. A fifth project turned out to be doing so well that it eventually decided it did not wish to take up its grant.

Those approved were: £3,250 for a redundant teacher who has gone into the manufacture of miniature bricks and tiles for the educational, museum display and model-making markets;

£4,000 to a company making sports timing clocks, to allow an expansion in its range of moulds and to finance higher levels of trading;

£5,000 to a manufacturing optician, to help buy new machinery to improve quality and efficiency;

£1,500 to a retired industrial manager, planning to start a small business manufacturing high-quality wooden toys.

Their description as grants is really a misnomer, since Swansea's ratepayers have a chance of receiving a return on their outlay, though it is not linked to the project's profitability. If the business prospers, the grant is repayable as a royalty on sales. If it fails, then Swansea's capital injection is written off.

Mr Roger Warren Evans, director of the trade and industry centre, stresses that the council had no master plan when it decided to introduce the scheme. "We have simply worked out the rules as we go along." But he is in no doubt that the concept of the independent appraisal panel has proved to be the right formula and, indeed, he has already received inquiries from other local authorities about its operations.

Swansea accepts that a large proportion of prospective candidates are not necessarily going to be innovatory. Many are likely to be classified as "regional import substitution," in which a new business is set up in competition with an outside company selling into Swansea. Even so, providing they can survive and carve out their own share of the market, such ventures are obviously of more benefit to the local economy.

Mr Evans rejects the argument that any worthwhile project will always receive the backing of a commercial bank. The appraisal panel, he stresses is prepare to take more risks.

Again, while the size of the grants may seem small, he points out that often a relatively small sum of high risk capital is just what is needed to enable a new business to make a down-payment on machinery or equipment and start trading.

It is not intended to limit the aid scheme to manufacturing project only. In the current financial year, the council has decided to make £40,000 available and the appraisal panel is evolving a set of criteria for aiding non-manufacturing activities, notably tourist projects, in which the employment benefits are less easy to measure.

Swansea's experience suggests that there is a useful role for local authorities to play in the provision of incentives to encourage small businesses. Mr Evans argues that central government simply cannot operate a fine enough financial aid mesh to deal with what Swansea's panel has found are highly deserving demands for small high risk capital sums. Moreover, the local backgorund knowledge available at council level, he feels, reduces the risk of ill-researched hand outs being made by central government and the chances of major fraud.

# Hab Dancer to continue good run

RACING

BY DOMINIC WIGAN

FOODBROKERS, the Esher-based company supporting the new Apprentice School Charitable Trust whose appeal for funds is being launched today, also sponsors three races this afternoon at Sandown, the local course.

Foodbrokers is responsible for a raffle in aid of the charity which sees every racegoer giving a minimum 20p to the trust receiving a raffle ticket.

The company will be disappointed with the turnout for its feature race, the £4,000 added Foodbrokers of Esher Handicap. But its Primula Crispbread Handicap and Alma Confectionery Maiden Stakes, both with £3,000 added, have attracted good fields.

In a particularly competitive race for the Primula Crispbread Handicap backers will do well to examine the claims of Countess Olivia and Hab Dancer.

Countess Olivia, a Prince Tenderfoot filly trained by Gavin Pritchard-Gordon, has not been seen in public since overcoming Greeness to land a maiden race at Ayr in the autumn. But she is reported to be well forward and her trainer will be anxious to strike while she remains well-handicapped.

Hab Dancer, representing Robert Armstrong in preference to Hardbridge and Rhadi Boy for whom Carson was originally secured, is at last beginning to show signs of ability.

In his last race he produced his best display to date when a narrowly-beaten third in an apprentices' race at Folkestone. Although he will never justify the 82,000gns paid for him as a yearling this bay colt by Habitat out of Come Dancing may be good enough to win.

Prize money for Royal Ascot next week will total £465,000, a rise of more than 13 per cent on last year's total. Ascot will be providing £245,000 and the Horserace Betting Levy Board the rest.

No race will be worth less than £10,000 during the four days.

SANDOWN

2.00—Dawn Ditty
2.30—Glasgow Central
3.05—Hab Dancer***
3.35—Norfolk Storm
4.10—Maryland Cookie
4.45—Champagne Charlie

YORK

2.15—Admiral's Princess
2.45—China Royal
3.15—Norwick
3.45—Pride and Faith
4.15—Isanemos**
4.45—Corduroy*

# TV/Radio

†Indicates programme in black and white

## BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.05 For Schools, Colleges. 11.25 You and Me. 11.40-12.10 pm For Schools, Colleges. 1.12 Regional News for England (except London). 1.15 News. 1.30 Mr Benn. 2.02 For Schools, Colleges. 3.25 Trem. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Captain Caveman. 4.30 The Banana Splits. 5.00 Take Hart on Holiday. 5.35 Paddington.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
7.00 Bugs Bunny.
7.10 It's A Knockout.
8.00 Des O'Connor Tonight.
8.50 Points of View.
9.00 News.
9.25 Knots Landing.
10.15 Public School (London and South).
10.45 News Headlines.
†10.50 Late Film: "The Member of the Wedding," starring Julie Harris.

All Regions as BBC 1 except as follows:

Cymru/Wales—1.30-1.45 pm Bys A Bawd. 5.00 Gari Gylifer. 5.20-5.35 Sami Sbardun (cartoon). 5.55-6.20 Wales Today. 7.10 Heddiw. 7.35-8.00 Trem: Y Cadno. 10.15 Week In Week Out. 11.05 News for Wales. 11.06-12.47 pm The Late Film: "Waltz of the Toreadors," starring Peter Sellers.

Scotland—1.10-1.15 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.15 The Beechgrove Garden. 10.45-10.50 News for Scotland, National News.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six 10.15 Rock in the City. 10.45-10.50 News for Northern Ireland, National News. 12.25 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich)—Weekend: Midlands (Birmingham)—Straight Talk; North (Leeds)—Carmen Comes to St Anne's: North East (Newcastle)—Phone-In Now: North West (Manchester)—Sweet and Sour: South (Southampton)—Looking Back: South West (Plymouth)—Mightier Than The Sword; West (Bristol)—Public Life.

## BBC 2

6.40-7.55 am Open University.
11.00 Play School.
2.00 pm Tennis: Stella Artois Grass Court Championships.
4.50 Open University.
6.55 Junior Pot Black.
7.40 Mid-Evening News.
7.50 Impressions.
8.00 Gardeners' World.
8.25 Public Transport: A Fare Deal?
9.00 Call My Bluff.
9.30 Playhouse Presents.
10.45 Newsnight.
11.30 A World Of Jazz.
11.55 Tennis highlights.

## LONDON

12.00 The Magic Ball. 12.10 pm Once Upon A Time. 12.30 Supersavers. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Take The High Road. 2.00 Houseparty. 2.25 Racing from Sandown: covering the 2.30, 3.05 and 3.35 races. 3.45 Superstar Profile. 4.15 Tweety Pie. 4.20 The Adventures of Black Beauty. 4.45 Get It Together. 5.15 Sale Of The Century.

5.45 News.
6.00 Thames News.
6.30 Prince Charles at the Sunshine Lunch.
7.00 Winner Takes All.
7.30 Return Of The Saint.
8.30 The Misfits.
9.00 Get Lost!
10.00 News.
10.30 Till Death . . . starring Warren Mitchell.
11.00 The London Programme: The Worst Year Of The Disabled?
11.35 Have Girls Will Travel.
12.30 am Close: Personal Choice with Paul Johnson.

All IBA Regions as London except at the following times:—

## ANGLIA

1.20 pm Anglia News. 3.45 The Entertainers. 5.15 Winner Takes All. 6.00 About Anglia. 7.00 Sale of the Century. 10.30 WKRP in Cincinnati. 11.00 Members Only. 11.30 Friday Late Film: "I Love You, Alice B. Toklas" starring Peter Sellers. 1.15 am Your Choice.

## ATV

1.20 pm ATV News. 3.45 In Search of . . . Hurricanes. 6.00 ATV Today. 7.30 Vegas. 10.30 WKRP in Cincinnati. 11.00 ATV News. 11.05 The Gunfighters: "Jory"

## BORDER

1.20 pm Border News. 3.45 Wild, Wild World of Animals. 6.00 Lookaround Friday. 7.30 Vegas. 10.30 Summer Sport. 11.00 Soap. 11.30 Border News Summary.

## CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 3.45 Survival. 6.00 Channel Report 6.30 What's On Where. †6.35 Laurel and Hardy. 7.30 Vegas. 10.28 Channel Late News. 11.05 Lou Grant. 12.00 News and Weather in French.

## GRAMPIAN

9.30 am First Thing. 1.20 pm North News. 3.45 Target the Impossible. 6.00 North Tonight. 7.30 Vegas. 10.30 The Late Night Horror Show: "Vault of Horror," starring Dawn Addams and Tom Baker. 12.10 am North Headlines. 12.15 "Dories" (National Film Board of Canada).

## GRANADA

1.20 pm Granada Reports. 3.45 Survival. 6.00 Granada Reports. 7.30 Vegas. 10.30 A Week on Friday. 11.00 Soap. 11.30 After All That, This. 11.40 For Adults Only: George Kennedy in "... tick ... tick ... tick."

## HTV

1.20 pm HTV News. 3.45 George Hamilton IV. 6.00 Report West. 7.30 Vegas. 10.28 HTV News. 10.35 One Step Ahead. 11.20 Soap. 11.50 Danger UXB.

HTV Cymru/Wales—As HTV West except: 9.35-9.50 am Mwy Neu Lai. 12.00-12.10 Ffalabalam. 4.15-4.45 Dwr-Hen Broblemau, Atebion Newydd. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35-11.20 Outlook.

## SCOTTISH

1.20 pm News Headlines and Road and Weather Report. 1.30 Andy's Party. 3.45 The Electric Theatre Show. 5.15 Emmerdale Farm. 6.00 Scotland Today. 7.30 BJ and the Bear. 10.30 Ways and Means. 11.00 Late Call. 11.05 Movies Through Midnight: "The Spell."

## SOUTHERN

1.20 pm Southern News. 3.45 The Story of Wine. 5.15 Sale of the Century. 6.00 Day by Day. 6.00 Scene South East (South East Area only). 10.35 The Barry Westwood Talkabout. 11.20 Soap. 11.50 The Late, Late Show: "Those Wonderful Movie Cranks."

## TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News and Lookaround. 3.45 The Wild, Wild World of Animals. 5.15 Clapperboard. 6.00 North East News. 6.02 Northern Life with Sportstime. 7.30 Vegas. 10.30 North East News. 10.32 Friday Live—Do We Get the Television We Deserve? 12.00 Welcome Back, Kotter. 12.30 am Countryside Christian.

## ULSTER

1.20 pm Lunchtime. 3.45 Andy's Party. 4.13 Ulster News. 6.00 Good Evening Ulster. 7.30 Vegas. 10.29 Ulster Weather. 10.30 Witness. 10.35 Struck by Lightning. 11.05 Golfing Greats: Arnold Palmer in conversation with Arthur Montford. 11.35 Bedtime.

## WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 3.45 Survival. 6.00 Westward Diary. 7.30 Vegas. 10.32 Westward Late News. 10.36 Prince Charles at the Sunshine Lunch. 11.05 Lou Grant. 12.00 Faith For Life. 12.05 am West Country Weather and Shipping Forecast.

## YORKSHIRE

1.20 pm Calendar News. 3.45 Andy's Party. 6.00 Calendar (Emley Moor and Belmont editions). 7.30 Hawaii Five-O. 10.30 Benson. 11.00 Floodlit Crown Green Bowling. 11.30 Lou Grant.

(S) Stereophonic broadcast
‡ Medium wave

## RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter Powell. 5.30 Newsbeat. 5.45 Roundtable. 7.30 Anne Nightingale. 10.00-12.00 The Friday Rock Show (S).

## RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 John Dunn (S). 2.00 The Ed Stewart Show (S). 4.00 Steve Jones (S). 5.45 News and Sport. 6.00 David Symonds with Much More Music (S). 8.00 Take Your Partners at the Radio 2 Ballroom (S). 8.45 Friday Night Is Music Night (S). 9.55 Sports Desk. 10.00 The Grumbleweeds. 10.30 Fiesta! 11.00 Brian Matthew with Round Midnight. 1.00 Truckers' Hour with Sheila Tracy (S). 2.00-5.00 You and the Night and the Music (S).

## RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued) 9.00 News. 9.05 This Week's Composers: Henry and William Lawes (S). 9.35 Bartok piano recital (S). 10.10 Choral Music of Bach and Mendelssohn (S). 11.05 BBC Northern Symphony Orchestra (S). 1.00 pm News. 1.05 Violin and Piano recital (S). 1.45 "Idomeneo, Re Di Creta," opera in three acts by Mozart (sung in Italian) (S). 4.55 News 5.00 Mainly For Pleasure (S). 6.55 Play It Again (S). 7.00 Third Opinion. 7.30 College Concerts 1980-81, part 1 (S). 8.10 Elmet. Ted Hughes reads a selection of poetry. 8.30 College Concert, part 2 (S). 9.20 Harold Brown in conversation with Michael Charlton. 10.05 Liszt and Bartok Songs (S). 11.00 News. 11.05-11.15 Songs Without Words by Dvorak (S).

VHF only—Open University: 5.55-6.55 am and 11.15 pm-12.55 am.

## RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News: 7.30, 8.30 News Headlines: 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 8.59 Continental Travel Information. 9.00 News. 9.05 Desert Island Discs (S). 9.45 Feedback. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Science in China. 11.50 Birds of the Week. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather, Programme News. 1.00 News. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour from Newcastle upon Tyne. 3.00 News. 3.02 Afternoon Theatre. 4.05 Down the Garden Path. 4.15 In the Gaslight Glow. 4.45 Story Time (S). 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather, programme News. 6.00 News, including Financial Report. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile: Lord Scarman. 8.30 Any Questions? 9.15 Letter from America by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament 11.45 Glyn Worsnip with recordings from the BBC Sound Archives. 12.00 News.

## BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Total Music Show. 2.30 Tony Blackburn. 5.00 News. 5.15 Music on the Move. 6.33 This Week. 7.03 Black Londoners. 8.00 As Radio 1. 10.00-5.00 am Join Radio 2.

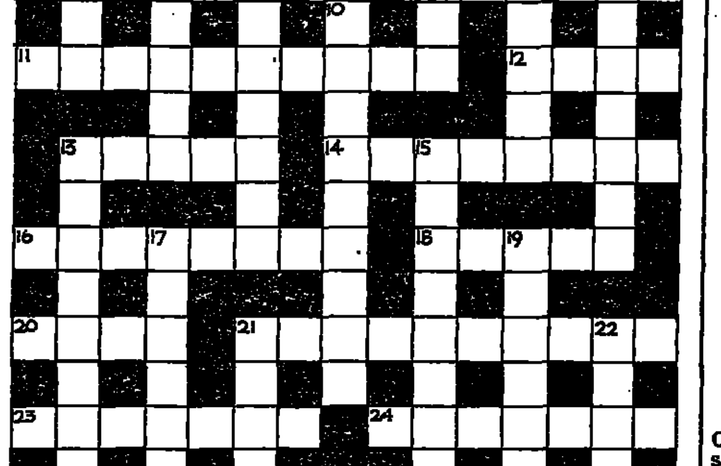
## London Broadcasting

6.00 am AM—Bob Holness and Douglas Cameron. 10.00 Brian Hayes 12.00 LBC Reports. 7.00 pm London Life. 9.00 Mike Dickin's Nightline. 12.00 LBC Reports Midnight. 12.30 am Decision Makers. 1.00 am Night Extra. 4.00 London Rules. 4.30 City Week. 5.00 Morning Music.

## Capital Radio

7.00 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Mike Allen. 1.00 First Report. 1.10 Mike Allen (continued). 3.00 Roger Scott. 6.30 London Tonight. 8.30 Nicky Horne. 10.30 Greg Edwards live from the "Best Disco in Town," at the Lyceum. 12.00 Midnight Special.

# F.T. CROSSWORD PUZZLE No. 4,592



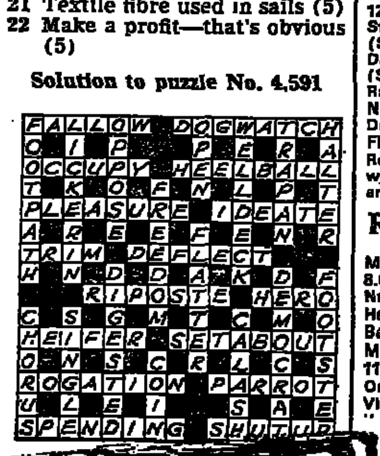
ACROSS

1 Writing a text for broadcasting (6)
4 Flimsy and contemptuous indifference (6)
8 Ascertain the dimensions of a standard (7)
9 Prospects of picturesque country seen on stage (7)
11 Decline to accept security from rubbish collector (6, 4)
12 Stocking flexible pipe (4)
13 Stump a lean person (5)
14 Swimming with Terriers in race (8)
16 A list of cargo—that's obvious (8)
18 Bump into a boat (5)
20 Animal to attack vigorously (4)
21 Gash a bird but get nothing (5, 1, 4)
23 Soldier returning in uniform is to introduce irrelevant matter (7)
24 Thus tied up and comforted (7)
25 Speculate with doctor in outburst (6)
26 Fish, taking direction from a glider (6)

DOWN

1 Continental vegetable (5)
2 Saviour soldiers curse badly (7)
3 River right on top of hound and shark (9)
5 Pub belonging to a place (5)
6 Members of a shooting-party get very warm within their range (7)
7 Bird changes quality of sound (9)
10 Eternal punishment for mother and people (9)
13 Following and showing notice inside (9)
15 Board must get down to business for setting of type (5-4)
17 Extraordinary merit in the meantime (7)
19 Revise the wording for socialist floating mass (7)
21 Textile fibre used in sails (5)
22 Make a profit—that's obvious (5)

Solution to puzzle No. 4,591




# ENTERTAINMENT GUIDE

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THEATRES

WINDMILL. CC. 01-437 6312. Twice nightly Mon.-Sat. 7.0 and 9.0 pm. Sun.

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ART GALLERIES

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# THE ARTS

هكذا من الأصل

**Apollo**

## Charles Charming's Challenges

by MICHAEL COVENEY

Clive James, in his middle-aged role of licensed jester to the media, has written a poem in heroic rhyming couplets to celebrate the Royal Wedding. It is better than his previous three epics, for it has a cumulative thrust climaxing in a splendid scenario for the Prince's thirtieth birthday party at which Lady Diana *Seethrough-Spiffing* stoops to collect the golden apple.

Running at 2,000 lines, it is just a bit longer than Pope's *Dunciad*, with which it has very little in common. James makes free with quatrains of eleven-syllable lines among the pentameters and craftily stretches himself to the occasional dozen. Most of his targets are not worth tilting at — Tina Braun of Titler magazine, Des Coxcomb and Alan Whanker of investigative TV—but then who *remembers Shadwell* except as an object of the poet's derision?

Closing one's ears to the sycophantic sound of cashing-in, the stage presentation is highly enjoyable, despite the lecterns. James himself is shadowed—as he tends to be each Sunday in the TV columns—by Russell Davies, displaying his refined gift for mimicry and his less refined for horn blowing. As Charles moves from Hall House to Gordonstoun, Timbertop, Cambridge and Caernavon, Davies assembles as many rounded portraits as the script allows. For Charles and Philip he perfects that strangulated aristocratic drone that is the only classless accent we have left.

Leonard Burt

Pamela Stephenson

Pamela Stephenson takes on the Queen but not much else, although her lush presence is a continual reminder of Charles's forbidden fruits. For one cut off and cursed with privilege he has never seemed to me to suffer undue sexual deprivation. That is if Fleet Street is to be believed. Which it is not, according to James, who makes the same point nonetheless.

The troop of Cambridge dons (what happened to F. R. Looseleaf of the text?) and crude irruptions of Kerry Packmule remind us of Charles's struggle in alien cultures, while his inspired Investiture gobbledegook of Welsh place names and the Yin Tong Song is an entertaining capsule of what James takes to be the Prince's essential deep down human *quality*.

Despite the surface razzmatazz, James is a loyal forelock-tugging colonial after all. On the grounds, we are told in the epilogue, that he distrusts the human rationality that might *displace the monarchy in favour* of . . . who knows, Idi Amin or Tony Benn. This is right-wing liberal tommy rot of the highest order. God Save the Queen and all who rail at Her.

*Charles Charming's Challenges On The Pathway To The Throne* by Clive James. Jonathan Cape, £4.95. 103 pages.

**Cinema**

## Raking over old bones

by NIGEL ANDREWS

**Germany Pale Mother (AA)** Screen on the Hill
**The Competition (A)** Columbia
**Gregory's Girl (A)** Screen Islington Green Cinecentre, Ritzy Brixton
**And Quiet Rolls the Dawn (A)** Gate Notting Hill

Germany raking over the *bones of* her Nazi past is usually a spectacle for addicts, or Germans, only: an essay in auto-autopsy not fort he squeamish. But once or twice such films transcend morbid curiosity and extend to us a real and salutary catharsis. *Germany Pale Mother* is the best *post-mortem* on the old Germany by the new Germany in recent years: harsher and less flaccid than Fassbinder's *Marriage of Maria Braun*, inhospitably episodic in style but full of a felt, authentic pain and sudden shafts of *bright, bitter truth.*

Helma Sanders-Brahms, the writer-director, based the film on her own parents' story and memories of her early childhood. She has plucked her title from a Brecht poem—"O Deutschland, bleiche mutter. . ." and has *personified* the motherland in her own mother, played by plumply pretty Eva Mattes with a virtuoso progression from bright-eyed *fraulein* to drained, despairing *hausfrau*. Miss Mattes's brink-of-war marriage to a fortyish, shyly *lovelorn* man who is among the first to be sent to the Front (because he isn't a party member) is presented in quick, poignantly economic scenes that are hardly more than symbolic tableaux: we cut from the fumbling wedding night unbuttoning of each other's clothes to the fateful buttoning-up of *his* uniform on departure day.

Each time the husband returns from the war on leave, the marriage-bed has grown colder and older. Hitler barks from the radio like a distant neighbourhood dog and their daughter (played by the director's own daughter, Anna) is born into a world of rubble and sirens and patriotic war-bulletins.

But it's in the second, post-war half of the film that the screw is really turned. The war doesn't end in relief but in emotional devastation. The daughter pens her homework and lives in docile terror of her parents' quarrels, and the mother *is seized* one day with facial paralysis, to prevent the spreading of which a kindly doctor removes all her teeth. She promptly retires to bed with the whisky bottle, seldom to rise again except for suicide attempts.

There are constant tremors of hark-back-to-history symbolism in the film—the tooth-pulling recalls the dental plundering of the concentration camps. *Miss Mattes's climatic* suicide attempt is with a gas heater—but they're never portentous and always intensify rather than detract from the emotional impact.

In one scene hands join across the decades in an astounding *visual* conceit that with shakier direction would have shattered in pretension. When Miss Mattes, lost in war-torn Berlin, asks her way of a ragged urchin, the shot of the urchin, in blurred and patchy colour, is obviously and unconcealedly *taken from an old* newsreel and edited into the scene. But it doesn't snap one's credulity, it makes one gasp at the sudden imaginative leap between decades and between fact and fiction. *Germany Pale Mother* delves into a nation's gruesome *past with great insight and* pained sympathy and without a hint of masochism.

Hands scuttle to and fro over the ivories like demented sandcrabs in *The Competition*, as mutually lovelorn pianists Richard Dreyfuss and Amy Irv*ing try to win an international* piano competition in San Francisco. The grey-haired maestro with the conductor's baton is Sam Wanamaker, who has obviously drunk a tonic to make him resemble Leonard Bernstein, and the wispy upright *lady* in the wings is Lee Remick, Miss Irving's coach, urging on her protegé with pale and piercing eyes.

This extraordinary film, written and directed by Joel Oliansky, seems entirely cast and staffed with zombies, Dreyfuss and Irving with their four fellow-finalists, racketing through Rachmaninov, Prokofiev and Mozart, must be the callowest group of central characters yet assembled in a Hollywood film, as behind-scenes soap-operatic agonisings over love compete with the daily discipline of scales and arpeggios. Should Miss Irving covertly surrender the competition to her beloved Dreyfuss, whose dying father needs financial assistance? If she wins, will tantrum-y Dreyfuss storm out of her life in a male-chauvinist huff?

The film puffs and plinks on. Lee Remick, walking through rehearsal-rooms pale and poker-backed like a ghost on castors, offers glacial advice to the youngsters from her fund of homespun homilies, and maestro Wanamaker chews up the *orchestra and the scenery* in a showy cameo that deserves a better film. We are told that Dreyfuss and Irving learned to play—or at least to mime—the piano specially for this movie. But although they make a fair-to-consummate job of it, the *achievement seems supremely* redundant in the context of the film. For all the insights *The Competition* has to offer about music *per se*, it could just as easily have set its young-love-and-agony tribulations against a different competitive backcloth *altogether*; *yachting, say*, or darts, or the growing of prize marrows.

Dee Hepburn and Gordon John Sinclair in Gregory's Girl

Bill Forsyth's *Gregory's Girl* is teenage romance Scottish-style and a mite twee and knock-kneed compared to his first film *That Sinking Feeling*, which I wrote about last week. Forsyth's canny, sidelong, impious humour works wonders in a story that is more periphery than centre—like *TSF*—but in *Gregory's Girl* the characters' would-be flying feet keep being pulled to Earth by the gravitational force of a platitudinous love plot.

Sixteen-year-old Gregory (Gordon John Sinclair) is smitten with love for Dorothy (Dee Hepburn) who has somehow enrolled herself in the school football team, thereby ousting Gregory himself. *Through the pangs and toils of* youthful adoration he duly struggles, urged on by courting hints from his precocious younger sister, and the film follows him, zigzagging gauchely but gamely between wit and winsomeness and never, like its *hero, quite sure up what garden* path it's being led.

In *That Sinking Feeling* Forsyth had a gloomily hilarious vision of Glasgow as a city of lost Peter Pans, doleful teenagers on the dole never given a chance to grow up by an economically stricken society. *Gregory's Girl* is like "Peter Pan" also, but this time—and fatally—without the sour notes or the irony. It is kiddywink dramatics, at once too whimsical, too plotty and too soft-centred. Forsyth has a sense of humour and a rare ability to make jagged comic fragments come together to tell a story. He shouldn't let these quicksilver talents dissolve in the mediocre mainstream of British feature-film comedy.

* * *

Mrinal Sen's *And Quiet Rolls The Dawn* (title by courtesy of M. Sholokhov) is a feminist fable-in-miniature from India, about a middle-class family living in bedraggled gentility in a peeling Calcutta apartment block. Emotional havoc is wrought one night when their oldest daughter and only breadwinner fails to return home. Has she been kidnapped? Murdered? Has she eloped. . . .?

Sen watches the fears and feelings flicker across his characters' faces, and shows how puritanical tut-tutting and *fear of penury mesh in an* insidious clash of values. Studio-bound airlessness infects the film somewhat (making it look oddly like an early Satyajit Ray chamber-movie that has wandered into the epoch of colour), and the trouble with Sen is that even when his touch is at its most delicate, as here, you can hear the distant thumping of socialist tubs. But it's a compelling crossroads of family truth that he has chosen to depict and the film works its slow, austere magic with excellent performances all round.

*

*Adult Fairy Tales* is soft-core pornography plundered from the nursery. The handsome Prince wants an heir but can't rise to the occasion, Little Bo Peep is a vagrant nymphet who last lost not only her sheep but most of her clothes.

**Royal Court**

## No End of Blame

The hero of Howard Barker's play is a cartoonist, and Mr. Barker has written the play in a cartoon style. The figures are *outlined but not much more*, and the thought is condensed into little bombs that make an immediate impact that lasts only for an instant. There is a short lecture on the philosophy of the cartoon half-way through. It is delivered by the hero, Bela Veracek, to a communist *cell* of R.A.F. men and women in 1943. The scene is absurd, but the ideas about the cartoon are not. Indeed they're quite sound, though hardly universal.

Veracek ("Vera of the Daily Mirror," as he becomes) fought in the first world war and the subsequent Hungarian revolution. He emigrated to Russia with his friend Grigor and became Lenin's favourite cartoonist. Twelve years later he saw a gardener planting lilies because they were Stalin's favourite flower and moved on to England, where he was met at the Customs by a newspaper magnate. Grigor stayed in Russia. He wasn't interested in the immediate impact of the cartoon but in oil-painting. Also in Veracek's *wife*, with whom he proposed to live in the forest. She died in a ditch; he followed to England and became a street-sweeper.

Vera of the Daily Mirror drew cartoons that Churchill didn't like and was ultimately replaced by a young man with a better sense of humour and less devotion to democracy (*a rather* funny scene). Ultimately he found the world too much for him and went mad. Who should he meet in his hospital but Grigor? He is still in the hospital when the curtain comes down, calling pathetically for a pencil.

I try hard to enjoy Mr Barker's plays, having enjoyed some of the early ones very much. But lately they have seemed so lightweight, as if they were thrown together in a hurry — not like a Vicky cartoon, but like a strip-cartoon where the events are simplified as much as possible. This seems to be how he likes them, for *different* directors produce a similar effect. Nicolas Kent has directed this one, and the company provides a row of cameos. Apart from Paul Freeman, who plays Veracek, and Allan Corduner, who plays Grigor, they all take four or five parts, and it shows.

The Royal Court has begun a new seat-price policy—for *No End of Blame* all seats will be £2 from Monday to Thursday, and all seats £3 on Fridays and Saturdays.

B. A. YOUNG

**Sadler's Wells**

## Gallopade

by CLEMENT CRISP

Merce Cunningham's new programme brought on Wednesday, the first performance of a brand new piece, *Gallopade*. It is a sprightly, *jokey* sequence *of* dances, the cast in antic mood and antic dress — bright skirts, and trousers or tights — and a relaxed and inconsequential air to the movement.

Cunningham himself is there, signalling merry nothings at us, surrounded by seven others of his dancers, who strut and prance, play statues, or become obsessed with tiny gestures and cells of activity. It made a bright, light-weight end to Wednesday evening's programme which had, elsewhere, offered two very serious works.

*Torse 1* is Cunningham at his most formally severe. The language is influenced by the classic academic style, its disposi*tion* governed by reference to the *I Ching*, the Book of Changes, in the lay-out and content of phrases which are—so says the programme-note—conceived in strictly mathematical terms. What we see are ten dancers used as components in a confrontation of patterns, energies, dynamic shapes.

It is, as near as the word can be used for human activity, abstract, and the attention is held by the way in which Cunningham disposes his forces, balances and counter-balances actions, and solves what seem choreographic equations. Chris Komar emerges as a soloist in a long and demanding sequence, and is very fine: this touch of individuality apart, *Torse 1* pleases by the austerity and linear economy of the *writing* for the group, and by the uncluttered vigour of the dances.

*Exchangè* took the centre of the programme. Here the changes in mood and tempi and intensity of dynamics seem oddly related to the accompaniment devised by David Tudor. This I found very unpleasant as it gained in decibels—it sounds like a dish-washer gone beserk —but its developing frenzy was matched by the gradual accretion of force in the dances. Movement phrases passed from one dancer to another, or inspired a group; ideas stated early on returned with faster speeds; the later stages of the piece were increasingly agitated. Yet, for all the discomfiture produced by the soundtrack—oh, for a moment of Minkus— *Exchangè* grips the attention.

As a note in passing on the supposed "dance explosion" which has been unwisely touted of recent years, I record with regret that the Wells is, thus far into a season by a giant of contemporary dance, far from crowded.

**Collegiate**

## Palestrina

by MAX LOPPERT

Pfitzner's *Palestrina*, a "musical legend" in three acts, is a long, slow-moving, and gravely beautiful opera, a *Musikdrama* in which are explored themes concerning the power of art and the role of the artist in a troubled and changeable society. It was first given —Bruno Walter the conductor; Karl Erb the tenor hero—in Munich in 1917. Since that time, visitors to Germany and Austria have with fair regularity been able to bring back reports of devout performances by the leading companies of the day (most recently, on this page, I described the 1980 Munich Festival staging); for, like *Die Meistersinger* (of which *Palestrina* is so noble a descendant), it is a company opera supplying many substantial and rewarding parts. But before Wednesday, when Abbey Opera opened its short run at the Collegiate, in a new English translation by the conductor Anthony Shelley, it had never been staged in this country.

Writing with strict and impartial justice of the enterprise is an uncomfortable duty. So much obvious devotion had gone into its preparation, and missionary enthusiasm is always admirable (especially when one supports its purpose). In truth, though, the performance I saw and heard proved no more than the palest of sketches of a work which properly calls on a large, rich-toned orchestra, a capacious and well-propertied stage, a grandly accomplished production, and, above all, a conductor of infinite wisdom and control, a master of the art of spreading out all the *adagio maestoso* music like an unfolding world.

The hardest part for a shoestring company to tackle was not, as might have been expected, the long, contemplative first act, with its famous scene of visitation and its ringing, rapt conclusion; a sense, at least, of Pfitzner's romantically ripe polyphonic serenity was hereabouts conveyed. It was the famous second act, in which the Council of Trent becomes a *scherzoso* debate, that gave most cause for concern.

Of the large cast, Graeme Matheson Bruce in the title role and Anne Mason's Silla (one of the two trouser roles by means of which Pfitzner varied the male-voice sonorities) evinced most aptitude for their assignments; Mr Matheson Bruce's tenor is not a very couth instrument, but it has ring and weight, and he sang with a feeling for the words that escaped many others. What we *Palestrina*-lovers now need is a Coliseum-full of the best ENO singing-actors, and a Goodall to demonstrate to the doubters in Wednesday's audience the greatness of the work. Two more performances, tonight and tomorrow.

## Royal Opera feels the pinch

There will be only three new opera productions at the Royal Opera House Covent Garden in the 1981-82 season, a consequence of the financial situation—and, as yet, none of them has found a sponsor. In September there will be the first production since 1928 of Saint-Saens' *Samson et Dalila* with Jon Vickers and Shirley Verrett in the title roles. The designer will be the Australian artist Sydney Nolan, the conductor Sir Colin Davis, and the producer Elijah Moshinsky.

In November the Opera House will present Gluck's *Alceste* for the first time ever, with Dame Janet Baker making her farewell opera appearance in the title role, and in June 1982 *Falstaff* will appear in a production first mounted at the Los Angeles Music Centre. Renato Bruson is taking the title role for the first time with Ronald Eyre as the producer.

The season's revivals are *Arabella*, with Kiri te Kanawa, *Simon Boccanegra*, with Sherrill Milnes in the title role; *La Sonnambula*, for the first time since 1971; *Tosca* with Placido Domingo; *Il trovatore; Don Giovanni; Les Contes d'Hoffmann; Die Meistersinger; Billy Budd: Salome*, starring Josephine Barstow; *Cavelleria rusticana* and *Pagliacci; Eugene Onegin; Tristan und Isolde; Pellas et Melisande: La clemenza di Tito; Des Freischutz*, and *La Boheme*.

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# Soviet options in Poland

THE OUTCOME of the Polish Communist Party Central Committee meeting has given the Soviet leadership incontrovertible proof that the bulk of the Polish Party sees no viable alternative to the present leadership's policy of continuing with its complex process of reform. Only a small minority of central committee members, led by Politburo member Mr Tadeusz Grabski, could be found to support the demand for removal of the present leadership which was implicit in the letter sent by the Central Committee of the Soviet Communist Party. The July 14 date for the extraordinary party congress was also re-confirmed.

The Soviet hope that central committee members elected at the February 1980 congress and heading for removal at the next congress would support the Soviet attempt to reverse the tide of reform has proved an illusion. Now the Soviet Union has to re-think its position and its future policy toward Poland in general and the Polish Party in particular.

### Enormous risk

As the rulers of a super-Power and as the leaders of an ideological movement, the Soviet leaders have to review their options not only in their relations with Poland but in the broader context of the impact of their future actions on their own empire and on their dealings with the rest of the world.

Whichever way they decide to move, their reactions to the latest events in Poland will be fraught with enormous risk and uncertainty. They have shown by their caution and circumspection over the last ten tension-filled months that they are deeply reluctant to follow the tradition of their armed interventions in Budapest and Prague.

This is partly because this time they have so much more to lose. The invasion of Czechoslovakia, to head off what they saw as an ideological challenge from reformists within the Czechoslovak Communist Party, took place before the era of détente. It also took place in a country with a record of non-resistance to superior force and with a reasonably sound economy. What is more, the reform movement was essentially a Party affair, and was only beginning to spread to the country at large by the time of the invasion.

In Poland's case they are dealing with a much larger country of 36m people, which is economically bankrupt, and with a tradition of resistance to both their big neighbours, German and Russian alike. But what is perhaps most important is the fact that the reform movement now infecting the Polish Party did not start there but has spread to the Party from Polish society at large. Furthermore, this is not the first time that Poland has risen in revolt against a form of Communist government which is seen by most Poles to have been imposed upon them by the Soviet Union after 1944. They rose in 1956, in 1970, in 1976 and again in 1980, and each time they became wiser, and more experienced, and more determined.

### Conditional help

Up to now all the revolts have been handled by the Polish Communist Party itself—with conditional help from the Catholic Church—and without Soviet intervention. Once again the Communist Party is asking to be allowed to solve its problems in its own way. It has clearly demonstrated this week that its own way is fundamentally one which respects the aspirations for greater democracy demonstrated so overwhelmingly by millions of ordinary Poles in recent months.

Throughout this long crisis all Poles in responsible positions in the Party, in the Church and in Solidarity have stated their awareness of Poland's geopolitical situation, have pledged continuing loyalty to the Warsaw Pact and Comecon and recognised the legitimacy of Soviet concern about the security of its lines of communication with East Germany. They are also aware of the fact that the Soviet Union is the ultimate guarantor of the territorial integrity of the modern Polish state which was pushed physically westward onto former German territory after 1945.

All this represents the non-negotiable minimum deference owed to the Soviet Union. The question is whether the Soviet Union will ultimately be satisfied with this or will go further and demand the restoration of the neo-Stalinist type of party control exercised by the Polish and all other East European Communist parties up to now.

The interests of Poland, of the Soviet Union itself and of peace and stability in Europe would be best served by Soviet acceptance of Poland's pledges of loyalty to its existing international obligations *and* of its need to reform the party in a way which would allow it to recover its authority and legitimacy in the eyes of the Polish people.

# Spending £5bn on hope—and sloth

REGIONAL AID has long been a standing item on the agenda of the EEC Commission; for despite the worries of all member governments about the problems of limiting state expenditure and borrowing, regional aid tends always to push up against whatever limits are imposed. This is partly a simple matter of competition; governments with obstinate problems of regional unemployment cannot afford to be seen to be doing less than other countries to solve them. It also reflects social concerns and a desire to see national resources put to use.

However, considering the very large sums involved—the UK programme is now running at £5bn annually, thus ranking as one of the major spending programmes — ideas about the resultant benefits are astonishingly vague. The Committee of Public Accounts has just published a brief but valuable report on this subject. After surveying all the available evidence, including an exhaustive study by the Government Economic Service last year, it is forced to the conclusion that there is no reliable measure at all. It is not even certain that there are any benefits to measure, though most of those who have studied the question—mainly, unfortunately, from inside the regional aid "industry"—have concluded that aid does get results.

### Deployment

This begs the whole question of whether the results are worth the cost, as the Committee points out. The Department of Industry in its own study (again *parti pris*, it must be suspected) could only conclude that there was "no conclusive evidence" that the same funds might have been more effectively deployed in other ways. The Department is rightly diffident about the results of its own expenditures on industrial growth projects, but it is not clear whether the alternatives studied included a large reduction in Government borrowing, and a corresponding freeing of investment funds. The Committee, impressed by the need to keep up with the Duponts and the Schmidts, finally resigns the central question to yet another study, and asks simply for objectives which can be monitored.

### Two issues

It would be hard to dissent from this seemingly lame conclusion if the only issue were whether to move with the majority, or to opt out and hope that the hidden hand would do the rest—as it did, after nearly a century, for the southern states of the U.S. However, two large issues remain which the report does not raise.

The simpler issue is whether, in view of the great doubts about the benefit, the EEC should not be encouraged to take a rather more restrictive attitude to regional aid levels. This should mean a niggardly attitude, not towards such things as well-devised infrastructure expenditure, but to the virtual bribery of incoming capital, which is not only costly but constitutes a form of unfair competition. The question seems self-answering.

There is a second and more disturbing question which should be addressed in a more wide-ranging inquiry. It is this: how far is regional aid expenditure a substitute for thinking about the actual causes of long-term regional problems?

The underlying questions are so contentious that evasions at the political level are not surprising. They include the question awkwardly raised by Professor Peter Hall some years ago: should we worry about regional decline in some places and growing urbanisation in others, or give more scope to the market to exploit the locations which seem advantageous? They also include wage questions: should unions press for national rates which take no account of regional differences in opportunity and living costs? And housing questions also arise. The sum of £5bn seems a large amount to spend on letting sleeping dogs lie.

FRENCH PARLIAMENTARY ELECTION

# M. Mitterrand's honeymoon

By Robert Mauthner in Paris

THE FRENCH people have only just had time to recover from the euphoria or despair—depending on their political beliefs—of seeing a Socialist President installed at the Elysee Palace and now they are faced with another election.

The general election, which takes place in two rounds on Sunday and a week later has not, of course, come as a surprise.

Long before his victory, M Francois Mitterrand, the new President, announced that he would dissolve the National Assembly immediately after his election, in an attempt to win a Parliamentary majority, which he currently lacks.

The French Presidency may be the most powerful institution of its kind in a western democracy, but the Constitution of the Fifth Republic has made sure that it cannot be turned into a dictatorship.

Only a very limited number of measures can be taken by decree and the President must still be able to count on a Parliamentary majority for all important legislation, including the Budget. Failing such a majority, the Government of the country could well grind to a halt and a serious constitutional crisis might ensue.

In the balmy, some would say exhilarating, atmosphere which has followed the election of M Mitterrand, no one in France believes that there is any risk of this happening.

The new President's prediction that he would benefit from "a state of grace" immediately after his election and that this would greatly favour the Socialist Party in the subsequent general election will almost certainly be fulfilled. For the moment, the honeymoon between the new Socialist government and the French people is so intense that those wanting to separate the lovers do so at their own risk.

Hostile commentators describe it as a "hypnotic trance," which will soon wear off. It surely will, but in the meantime, M Mitterrand will have had his election and the result may ensure that he will then be safe for the next five years.

The most reliable public opinion polls show not only that M Mitterrand and his genial Prime Minister, M Pierre Mauroy, have reached unprecedented summits in the popularity stakes, but that the Socialist Party and its allies, the Radicals of the Left, are likely to obtain 32 to 35 per cent of the popular vote in the first round.

This compares with only 24.7 per cent for the two moderate parties of the Left in the first round of the 1978 general election. If one includes the Communists, who have signed a purely electoral pact wtih the Socialists, but who are only expected to obtain between 14 and 17 per cent, all the left-wing groups combined are likely to poll between 52 and 54 per cent of the total vote in the first round.

Given the complexities of the French voting system, under which a candidate can be elected in the first round only if he wins an absolute majority, failing which, those with at least 12.5 per cent of the vote move forward into the second ballot, it is difficult for the pollsters to forecast the final result in seats.

A Louis Harris poll has tried, however, and has come up with the truly sensational finding that Socialists and Radicals of the Left alone might win an absolute majority of two or three seats in the 491-member National Assembly. In terms of seats, this would take the Socialists and their allies from their present strength of 117 to around 248 in the new Assembly.

Such a result would really make M Mitterrand's and the Socialist Party's day, since it would completely free them from any dependence on the Communists who, on paper at least, would be able to put some pressure on the Government if it had to rely on their votes. But, in practice, the Communists have already had their teeth drawn as the result of the miserable showing of their candidate in the presidential election, M Georges Marchais, who managed to collect only a little more than 15 per cent of the popular vote.

It has been an instructive political lesson to see how the Communists, after adopting an increasingly aggressive attitude towards their Socialist "partners" since the breakdown of the Union of the Left in the autumn of 1977, have changed their tune since President Mitterrand's election. Meek as lambs, they have been prepared to accept an electoral alliance with the Socialists without any conditions, merely to make sure that the Communist parliamentary group would not be decimated in the forthcoming election.

The understanding, like the one reached between the Socialists and Communists "in extremis" between the two rounds of the last general election, lays down that the leading left-wing candidate in the first round will be supported by both parties in the final ballot. But that is as far as it goes. There is no agreement on a joint government programme, nor has any undertaking been given by the Socialist Party that the new administration to be formed after the election will include any Communist Ministers.

**On Sunday the French electorate go to the polls again just five weeks after M Mitterrand's heady presidential victory. This time he hopes to win a parliamentary majority in the National Assembly (below) to carry through important legislation. All the indications suggest his tactics will pay off.**

The decision whether or not to nominate one or two Communist Ministers will be entrely up to President Mitterrand, who has promised that he will take into account the composition of the new National Assembly in making his government appointments. That will not be the only criterion for Communist participation in the Government, as was made very clear during the recent negotiations between the Socialist and Communist parties.

The Communists, if they really want to see their representatives enter the Government, will have to go to Canossa in a big way. The Socialists have emphasised that their putative partners would not only have to accept Socialist policies on nationalisation, Afghanistan, Poland and Soviet missiles—a bitter pill to swallow, given the basic disagreements between the two parties —but would have to give an undertaking of long-term support of the Government.

A surrender of such proportions might well be too much for the Communist Party to accept, even in its current servile condition. Some commentators believe that the Communists were never interested in joining the Government in the first place and that the reason they are rolling on their backs is only to ensure Socialist support for their candidates in the second round of the election.

Whatever happens, it is plain that the fears expressed abroad, particularly in the U.S., about Communist participation in the French Government are mostly unfounded. If the public opinion polls are right, the Socialists will have such a strong position in the National Assembly that the Communists will find it difficult to exert any pressure on the Government.

Even if the Socialists do not win an absolute majority of the seats in the Assembly, they are likely to be only around 25 to 30 short. The President would not necessarily have to turn to the Communists for help, since it would be easy to find a handful of Deputies on the left wings of the Opposition parties to support him.

Indeed, liberated from the need to satisfy a powerful and demanding political ally, such as the Communists, M Mitterrand is in a much better position to forge a centre-left alliance than was his predecessor, M Valery Giscard d'Estaing.

Lumbered with a Gaullist albatross, which threatened to strangle him every time a move was made towards the Socialists, M Giscard d'Estaing could make only sterile gestures in that direction, with no hope of success. It is unlikely that the new President will be subject to anything like the same constraints.

If the defeated former President suffered from his alliance with the Gaullists, his Parliamentary followers have fallen into the latter's arms, albeit in a desperate bid for survival.

The Union pour la Democratie Francaise (UDF), at the best of times a rather motley collection of Centrist groups, showed all the symptoms of a chicken which has had its head cut off, after the defeat of the only person who cemented them together, M. Giscard d'Estaing. Without a leader with the qualities to become President of the Republic, they were nothing in the eyes of public opinion

The Gaullist Rassemblement pour la Republique (RPR), their theoretical but fractious allies under the old government, was in a much stronger position, thanks to the relatively independent line that it has taken over the past few years and, above all, the charismatic personality of its leader, M. Jacques Chirac.

By consistently making a distinction between his own policies and those of M. Giscard d'Estaing and, in the last resort, refusing to advise his followers to vote for the latter, M. Chirac has managed to avoid much of the odium of defeat which has sullied the Giscardians' reputation. On the contrary, he has emerged as the natural standard-bearer of a centre-right Opposition, which moved astoundingly quickly to bury the hatchet between its two main components and field joint candidates, even in the first round, under the title of Union for a New Majority (UNM).

During the parliamentary election campaign, which has been unusually short because of the speed with which the new President dissolved the National Assembly, M. Chirac has been his usual dynamic, if contradictory, self, but he is fighting even more of an uphill battle than usual.

The polls forecast that the Giscardian UDF will obtain about 21 per cent of the votes in the first round, roughly the same as in the first round of the 1978 election, and that the RPR will get only about 18 per cent, compared with 22.6 per cent last time. But whatever the percentage score on Sunday, it is clear that both parties stand to lose a substantial number of seats, given the probability of a Socialist landslide.

The plain truth is that, thanks to his convincing victory in the presidential election, M Mitterrand has been able completely to outmanoeuvre his political opponents, both on the left and right of the political spectrum. The new Socialist Government has found it easy to prolong the honeymoon with the electorate for a few weeks, by adopting a series of highly popular measures, ranging from substantial rises in the national minimum wage, family allowances and pensions to the creation of a first batch of 54,000 jobs in the public sector.

It has thus shown that it is serious about carrying out the President's promises made during the election campaign. At the same time, it has gone out of its way to reassure both domestic and international opinion that it intends to behave responsibly in both economic and foreign affairs. As proof of his intention, M Mitterrand has appointed two highly-respected and experienced men to the Economics and Foreign Ministries—M Jacques Delors and M Claude Cheysson.

If many economic obsersers and the French business community still have strong doubts about the Government's long-term ability to finance its ambitious social programme without courting disaster, M. Delors, a moderate Socialist if ever there was one, has already been given credit for halting the run on the franc by his quick adoption of stringent foreign exchange control measures.

In short, the majority of the voters, who take little interest in what is happening on the Bourse or the foreign exchange markets, have not had time to become disillusioned. M Mitterrand has taken them by surprise and, in the general election, he is widely expected to reap the rewards of his rush to the net.

# MEN AND MATTERS

## Off the record

After 15 years, Tony Stratton-Smith, chairman, chief executive and principal shareholder of Charisma records, is pulling out. Stratton-Smith, whose best-known artists range from Genesis and Rick Wakeman, to Sir John Betjeman and the St Paul's Cathedral Choir, is likely to sell the label to either Chrysalis Records or Virgin Holdings, for around £2m. Charisma has an annual turnover of around £30m.

My bet is that Stratton-Smith will favour Virgin, whose flamboyant owner, Richard Branson has recently bought The Gardens nightclub (formerly Regine's) and Heaven, Britain's premier "gay" venue, under the Charing Cross arches.

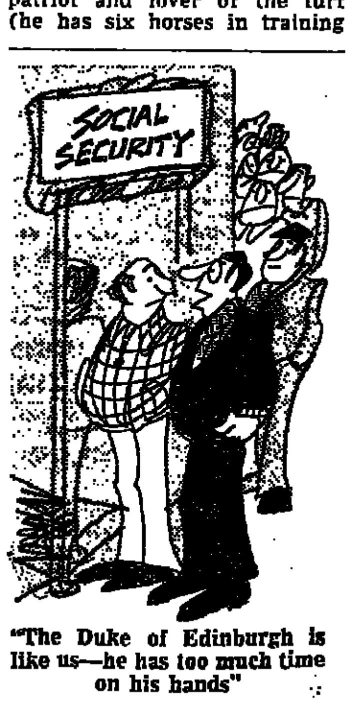
"Three months ago I had a bid to take the company over, and I have had a number of approaches since," Stratton-Smith told me, "but I am determined to sell to a British independent company."

Stratton-Smith, a fervent patriot and lover of the turf (he has six horses in training with Ray Laing at Lambourn) intends to dedicate the future to breeding a Derby winner and single-handedly reviving the British film industry.

Stratton-Smith believes that the rape of the British Film Industry by the U.S. majors parallels the kind of cartel that dominated Britain's music industry in the 1960s.

"It is nothing less than imperialism," he said. "The American film industry took over the distributors and then pulled out of the business of making films. We have the technicians, the writers and, most of all, the actors. There's no reason at all why the British film industry shouldn't be a success."

But ultimately, Stratton-Smith says that at 48 he is too old for the rock music scene. "I have come to a point in my life when I prefer Radio Four to Radio One," he confessed, "though I still can't understand why Van Der Graff Generator never made it."





"The Duke of Edinburgh is like us—he has too much time on his hands"

## Watery graves

It is of course not really funny at all. But I cannot help sharing the amusement of a correspondent who points out that, according to a wine trade journal, "Independent Bulk Wine Shippers Ltd. has gone into voluntary liquidation." All correspondence should be addressed, of course, to the liquidator, who glories in the name of Mr. Binge.

## Kindest cut

Better than most of us, London's accountants know the real agonies of recession. Nevertheless it must have been a rude shock for ten first year trainees at Deloitte Haskins and Sells to be asked to resign en masse, for committing the once trifling offence of failing their exams.

The trainees were in too much of a state of shock to answer my queries. But I somehow doubt they will agree with the company's national personnel partner, Keith Woodley, who took the view that this was "by far the kindest thing to do."

## In the pits

First creditor: What bloody man is that?

Second creditor: That is the liquidator.

Disdaining fortune, with his brandish'd steel,
Which smok'd with bloody execution,
Like valour's minion carv'd out his passage. .

Apologies are, I think, due at this stage not only to Shakespeare but also, in view of the Bard's rather vivid turn of phrase, to Christopher Morris of Touche Ross. For tomorrow, Morris takes the leading role in one of the gravest dramas ever to have been played out on the stage of the Old Vic theatre in London. The Fulle and Tragicale Historie of Prospect Productions will be his theme, as he acquaints creditors with the state of the company, which went into liquidation on May 7. Preliminary unofficial reckonings are that it then had debts approaching £400,000.

## Specially selected

It has proved a short sojourn at British Petroleum for John Du Cane, chairman of mining house Selection Trust when it was taken over by the oil company last year.

Following the \$1.77bn bid for U.S. copper producer Kennecott by the American BP subsidiary, Standard Oil of Ohio, the U.S. Federal Trade Commission qualified its approval with a number of riders including the forcing on Du Cane of a choice between his directorships at BP and at Amax, on whose board he has sat since 1966.

Du Cane has chosen Amax, and on August 31 he will relinquish the chair of Selection Trust and other appointments within the BP group. The FTC ultimatum meant leaving BP abruptly, "normally, I would probably have stayed on for at least another year," said Du Cane yesterday.

He has, at 60, already reached the company's standard retirement age. Amax offers the directorship "of a public company, a very big mining company, internationally based, and that is the area I like most."

Du Cane joined Selection Trust's Sierra Leone subsidiary in 1955, rising from assistant manager to an executive directorship there, and in 1966 was appointed to the group's main board. In 1978, he succeeded Chester Beatty as chairman.

Du Cane's Amax directorship is non-executive, calling for two to three days a month of attendance at board meetings in the U.S. He does not plan to seek executive responsibility there, but is now considering what other activities might best occupy his energies.

## Rock solidarity

Britain's local government staff have chosen an unambiguous way to demonstrate their rock-solid support for their Polish counterparts in the trade union, Solidarity.

The National and Local Government Officers Associations (Nalgo) gave a standing ovation at its Blackpool conference to Mieczyslaw Kukula, a founder of Solidarity, who told delegates that the union was getting "bigger and stronger every day." But he will return home with a still more substantial souvenir of the occasion—a stick of best pink Blackpool rock, which was ordered yesterday by Nalgo contract, with "Solidarity" written all the way through.

Naglo has ordered 500 of the sticks to sell at 30p apiece among its 1,800 delegates—all proceds to be sent to Solidarity. A consignment of 500 Solidarity badges prices at £1 each has already sold out, with another 500 now on order.

**Observer**

POLITICS TODAY

# Time for an Alliance of equals

IN AN editorial that is being widely quoted on both sides of the Atlantic, *The Economist* wrote last week: "The relationship between Western Europe and North America, alias the Atlantic Alliance, is in the early stages of what could be a terminal illness."

No-one should *underestimate* the tensions between Americans and Europeans. The two most important causes at the moment are high American interest rates and the reluctance of some of the smaller European countries to accept long-range American tactical nuclear weapons on their territory. But to conclude that the Alliance has cancer seems to me to be pushing it. There are other ways of looking at it, one of which goes as follows.

## Parity

It is now more than 20 years since President Kennedy called for a twin pillar relationship between Europe and the U.S. At the time, it was premature. Europe lacked the economic strength, the internal cohesion and, above *all*, the self-confidence to take him up. There could be no partnership of equals when the prospective partners were not equal. Today, it is quite different.

There have been four significant changes in the balance of power, relevant to this argument, over the past two decades.

The first, and best known, is the emergence of strategic nuclear parity between the U.S. and the Soviet Union. America *is no longer the* super-power. In military matters, it is one of two, though it is worth adding that in the meantime China has emerged as an honorary member of the western alliance.

The second change in the balance of power has been between Europe and the U.S. Nobody talks any more about the technology gap—the American lead in high technology which, a decade or so ago, was supposed to condemn Europe to a permanent sense of inferiority. Economically, Europe is now at least the equal of the U.S. There have been times, though not today, when it was Europe that was supporting the dollar, rather than the other way round.

Politically, too, Europe has grown in power and self-confidence. Ten years ago West Germany was not even a member of the United Nations. It would have been unthinkable that Germany and France could join Britain, the U.S. and Canada in an initiative on (say) Namibia. It would have been equally unthinkable that the European powers would be preparing a common stance on the Middle East with the aim of influencing the U.S. in favour of a solution of the Palestinian question.

The third change is within western Europe. The balance of power has shifted away from Britain and towards France and Germany. It has been the rise of France and the French determination to keep up with the Germans that have dominated European politics in the last few years. Nothing in the French presidential election results has changed that very much. Britain, with its relative economic decline, has become a slightly *peripheral* power.

The fourth, and perhaps least noticed, change is inside the U.S. There has been a move away from the dominance of the East Coast. American politics are no longer run by people who sentimentalise about the early post-war period of Marshall Aid and recall the nascent Federal Republic. Germany is an American foster-child, now grown up.

In the U.S. power has shifted to the South and South-West, where there is still self-confidence and a belief that problems can be solved. Economic and population growth moved there some time before the politics caught on.

More than 20 years ago, President Kennedy called for a twin pillar relationship between Europe and the U.S. At the time, Europe lacked the economic strength, the internal cohesion and, above all, the self-confidence to take him up. There could be no partnership of equals when the prospective partners were not equal. But there have been four significant changes in the balance of power over the past two decades.

The new American foreign policy may be more assertive than in the past few years; there is nothing wrong with that. But it is also in some ways more subtle and more conciliatory: witness the trouble that President Reagan took to prepare his meeting with the President of Mexico this week.

In the old days, even in the Carter days, there was no attempt to take the Mexicans seriously in foreign policy terms. Yet Mexico, California and Texas are neighbours. The shift in the balance of power in American politics has contributed towards a shift in American foreign policy priorities.

There have also been some things which have conspicuously not happened. In the 1950s and early 1960s, when Europe was weak but still tended to quarrel with the U.S., there was an inclination to say that the solution lay in Europe looking to its own defences. "You cannot trust the Americans to press the button on our behalf" was a common sentiment, even in those days of clear American strategic superiority.

As Europe has grown economically and politically stronger, the desire to conduct its own defences has declined. The only country now flirting with the idea of more purely European defence co-operation is France. Paradoxically, it was the French who vetoed the *European Defence Community* in the early 1950s.

Yet even here there has been a change. The French defence effort is not a sign of mistrust in the U.S., it is rather an additional insurance. Franco-American relations are as close as they have ever been. I see no evidence that this will change under President Mitterrand. (France actually likes high American interest rates at the moment because they put pressure on the D-Mark and therefore keep it off the French franc).

Again, as European self-confidence has grown, anti-Americanism has decreased: the Europeans have lost their inferiority complex. A partnership of equals on all matters except nuclear weapons has become a *distinct* possibility. There has been a growth of European nationalism—nationalism with a small "n," at least among the elites. The nationalism is not directed against anyone. It is, rather, a reassertion of common cultural values, a feeling that Europe, with all its traditions, ought to stand for something in the world today. It makes possible an adult view of the U.S., for the values of Europe and the U.S. are essentially the same: freedom and diversity.

The only question, now that the conditions *for* a twin pillar relationship have come about, is how best to build. Three areas come to mind. The first is internal European and concerns the future of the European Community. The second is *defence and the third is energy.*

The election of President Mitterrand seems to have loosened the political alliances within the Community. No doubt, the Franco-German relationship will continue to be close, and so it should. But the statements by the new French Government so far suggest that M Mitterrand himself and M Cheysson, the new Foreign Minister in particular, are not fundamentally ill-disposed towards Britain. The way is opening up for a triangular relationship between Britain, France and Germany.

The term "triangle" should be used carefully. It is not meant to be exclusive. There is also Italy, as well as the smaller European countries. Yet if the British, French and Germans could agree among themselves on the future of the Community and of the Atlantic Alliance, they could at least give a lead to the others. Italy seems more than willing, and even ready, to encourage such a development.

Defence is a common problem. What it comes down to is burden-sharing or, as the Germans put it, a division of labour. The Nato treaty tends to confine alliance defence efforts to a fairly narrow area. But the interests of the Alliance could be threatened by developments way beyond: for example, in Southern Africa or the Gulf.

## Accelerated

There is nothing in the treaty, however, to prevent individual members or groups of members acting on their own. Slowly, preparations are being made to this end. At the height of the Iran-Iraq war, the French were in the Indian Ocean alongside the Americans. But the process could be accelerated, and rationalised. Which country should have the resources to do what and what should be the division of responsibilities? Those same questions apply to the division of labour within the traditional treaty area.

The escalation of defence costs ought to compel early discussions. This is not just a British problem. It is acute in Germany and could yet affect France and the U.S. Governments appear *to have to spend* more and more on defence in order to procure less and less. Why is this so? One answer might lie in more open tendering for defence contracts. Another, not incompatible answer, might be greater specialisation by Alliance members. These issues should be urgently examined.

Energy is more controversial. Yet the present oil glut and weakening of the oil price present opportunities for thought, if not yet for action. Is it in anyone's interest that the oil price should have risen so much in 1979-80—and with much less reason than in 1973-74—only for producers and consumers to find a massive oil surplus in mid-1981?

The surplus has something to do with the recession, but it is still worth noting that it has come about despite the internal events in Iran and the Iran-Iraq war. Both Iran and Iraq are, or were, major oil producers.

Again, there are questions about the wisdom of Saudi Arabia in continuing to supply *so much of the world's oil.* It is not necessarily good for Saudia Arabia, which does not need the additional money. It would be harmful to a great many others if Saudi supplies were cut off by internal developments.

Somehow, it ought to be possible to achieve a better balance both among the producers themselves and between the producers and the consumers. The alternative is to risk lurching into another unforeseen and uncontrollable oil crisis which ultimately benefits no-one. The oil glut may be the best chance we have for a new energy dialogue.

With chances like that, the Atlantic Alliance will be deliberately committing suicide if it decides that present sicknesses are already terminal. It seems to me that the future could still be bright.

**Malcolm Rutherford**

# Letters to the Editor

## Increasing employment

*From Mr I. Josephs*

Sir,—Nearly 3m unemployed and nearly £7bn spent every year keeping them that way! Economically crazy and morally indefensible.

Who are the most desperate? Surely those who have been unemployed at least six months. I suggest therefore, that the Government should offer any employer, giving work to someone who has been on the dole six months or more, a cash subsidy. This subsidy would be equivalent to half the money the new employee would normally have been paid in unemployment benefit, during a period of one year. The employer would be able to claim this subsidy as a lump sum after one year's work by the previously unemployed person, who would by then have job security (ie. he could not be sacked without redundancy compensation, etc). Employees with large families would bring larger subsidies which would be fair since they would need the job more than single people with no dependants.

Who would gain and who would lose from the scheme? The Government would gain, because it would end up paying only half the unemployment benefit instead of 100 per cent. The person previously unemployed, for six months or more, would gain tremendously because he (or she) would find work at last, plus job security and pay (where applicable) at full union rates.

The employer would gain by receiving a large subsidy after a year. (If the worker left of his own accord before a year, a proportion of the subsidy could still be paid.) Such tax-free *lump sums* would be very useful for re-investment or helping to reduce overheads and increase competitiveness. Anyone on the dole for six months is at a disadvantage going to an interview, competing with someone who has been in regular work. The subsidy would even things up a bit, but not unfairly so.

As I see it, everybody would gain and nobody would lose. New businesses could be launched almost entirely manned by the previously unemployed. This scheme would increase production and actually save expense instead of incurring it like most woolly "job creation" plans. The idea would apply to private employers, limited companies, local government, nationalised industries, etc., that is, literally any employer willing to employ!

Ian Josephs.
(Liberal Prospective Parliamentary Candidate, Dartford).
*The Regency Hotel, Ramsgate.*

## Superhuman bank managers

*From Mr N. Corby.*

Sir, — Your survey on small businesses (June 3) mentioned again the conviction felt by many businessmen that High Street bank managers simply do not comprehend their problems; this evoked a reply from the Midland Bank (June 9). Elsewhere in the survey references were made to the dislike of the clearing banks or the Government guarantee scheme, while your second leader on June 8 pointed out "that traditional relationships between the clearing banks and their industrial customers are undergoing a permanent change" and added that over *the past 10 years the corporate* lending pattern had altered very markedly.

In other words today's bank manager needs to be an all-singing, all-dancing animal, well versed not only in banking but also in how to run the financial affairs of every type of business, irrespective of size and product. Even Superman might find such a role daunting.

How can anyone acquire the necessary depth of knowledge? From courses? From textbooks? From other studies? From training in general? Impossible: time alone ensures that.

So the bank manager uses the accumulated experience of himself and his colleagues which might be excellent in some subjects but sketchy — or even non-existent — in others. His time, too, is not limitless and naturally bigger customers are likely to get more of that precious commodity than smaller ones, while all along he must be sure that he does not take too great a risk when lending what *is* really other customers' money.

*One* weakness which can be remedied, however, is communications. The customer should do his homework more thoroughly and continue to keep the bank manager informed fully, while the bank manager, remembering that he is in a service industry, should proffer his help and aid.

In other words, what is needed is *less* of a "listening" bank, more of an "involving" bank.

N. D. B. Corby.
*27, Old Bond Street, W1.*

## VHF radio reception

*From the Head of Engineering Information Department, BBC*

Sir,—Mr B. A. Young (Vox Populi, June 6) and Mr Towell (letter, June 3) both take me to task on different points regarding VHF radio reception.

In reply to Mr Young I would say that as a dedicated radio listener I take care to live on a remote hill on Dartmoor where the vehicles (horse-drawn of course) are well suppressed and the interference sounding like burning logs really is burning logs. I cannot understand why everyone does not do the same!

But to take his serious point seriously it is true that VHF reception, although largely free from foreign inteference, can be subject to man-made interference from cars and aircraft. The obtrusiveness of any interference depends on the ratio of the received signal strength to the interfering signal and the remedy is to increase the received signal strength. This can be achieved by having the best receiving aerial which is reasonably possible (not vast, but certainly pointing in the right direction) or by increasing the strength of the signals we transmit.

Mr Towell urges us to push forward to the time when all BBC radio services are available on VHF and to encourage everyone to use this medium. This is absolutely right, but it is not true that European countries are phasing out AM radio. All continue active broadcasting on medium and long waves, which is of course the very reason why these bands are so interference-ridden as to be of restricted value. *Although* VHF is the medium for the future, it is not necessary to threaten existing non-VHF receiver owners with imminent with*drawal of medium and long* wave services. Medium and long waves may be less satisfactory than other bands, but any spectrum space is a valuable national asset which it would be foolish to abandon.

*Taking account of both Mr* Young's and Mr Towell's points, we have already started a comprehensive programme of increasing transmitter power and coverage over the country to ensure that VHF really is the best vehicle for high-quality, interference-free reception. By recent international agreement, more frequency channels are to become available in the VHF broadcasting *band; and we hope before very* long to be able to exploit these to improve coverage still further.

D. P. Leggatt
*Broadcasting House, W1.*

## Local authority finance

*From the Chairman, Tories Against Rates*

Sir,—With reference to your report "Local councils could face more central control" (June 5) and your leading article of June 3, Tom King MP is right to warn that under present policies there is a risk of local government being brought to an end. The conclusions he draws from local government overspending and the remedies he suggests demonstrate the paucity of Government thinking on reform of local government finance. Your own leader writers are suggesting transferring education financing to central government, which would put another nail in the coffin of local *autonomy*.

The solution, in our view, lies in the opposite direction. By transferring more functions from central to local government and giving local government an independent and buoyant source of income through the introduction of local income tax and an increase in charging. To make this change successfully would require individuals rather than services to be subsidised, leading to some form of negative income tax. These are major and controversial reforms, which is perhaps why this Government, despite its commitment to reform the rating *system, does not seem to have* had the political courage to grasp the nettle. The Layfield objection to local income tax concentrated on the cost of collection. Given the computerisation of PAYE, additional cost to Inland Revenue and to employers of the transfer to local income tax would be substantially less than the Layfield guess of £100m.

(Cllr.) D. H. Pinsent.
*Old Chellows, Crowhurst, Lingfield, Surrey*

## Radiation risks

*From Mr. B. W. Skelcher.*

Sir, — I refer to the article by David Fishlock on June 2. In his article he discusses the *problem of radiation exposure* to operators and maintenance staff at PWR (Pressurised Water Reactor) stations and says they are relatively dirty when compared with Britain's *Gas Cooled systems.* He says "typically from U.S. experience operator exposure will be ten times as high as that from the small Sizewell 'A' Magnox *station." I do not believe this* broad-brush statement gives a true representation of the situation.

It is not only design, but also management philosophy which influences the radiation doses received by employees on nuclear power stations. If the results of individual stations are considered, then it can be seen that many PWRs have radiation exposure dose commitments *which are comparable or even* less than those received at British Gas Reactors.

I am confident that with the CEGB's considerate approach to radiation safety, radiation exposure to staff would be kept to a minimum and would be in line with the dose levels received at Gas Reactors.

B. W. Skelcher.
PWR Technical Officer.
*Central Electricity Generating Board, South Eastern Region, Sizewell "B" Site, Nr. Leiston, Suffolk.*

## Help for small firms

*Fro Mr M. J. Partridge*

Sir,—As a postscript to your feature on Small Businesses (June 3), may I suggest that Government, in its endeavour to encourage the supply of finance to small firms, may be tackling only a part of the problem or, in some cases, helping to provide easy solutions to more fundamental problems. Additional funding which is not truly needed simply becomes another expensive overhead.

I suspect that there is an equally pressing need to supplement the small firm's often high skills in operational management with equally high quality advice in complementary areas, especially financial analysis and strategy formulation. The Bolton Committee found that the quantity and quality of finan*cial/managerial advice that is* available to the small businessman were inadequate. Ten years later, despite the emergence of the DOI's Small Firms Service and some entrepreneurial activity from the clearing banks, the position has not drastically changed. In particular, some of my colleagues in the accountancy profession apparently still "seem reluctant to provide more than just tax and audit services." (Mr Richard Wilkes, president of the English Institute, March 1981.)

Are accountants failing to give small firms the quality of advice that they are almost uniquely equipped to provide? If so, are they losing a valuable business opportunity, and more importantly, failing to give reinforcement and impetus to an essential sector of the economy?

I am seeking to test the validity of this hypothesis in discussions with accountants and with the proprietors of small firms. Specifically, I am trying to identify the consultancy needs of small business and to measure the *availability,* effectiveness and costs of the ways in which they are being serviced. I would be very pleased to make contact with any of your readers who would *be interested to contribute to* this research.

M. J. Partridge,
Department of Finance and Accountancy.
*Brighton Polytechnic, Moulscoomb, Brighton.*

# Today's Events

**GENERAL**

*UK:* King Khaled of Saudi Arabia concludes State visit to UK.

Prince Philip, as Master of Trinity House, opens new Medway pilot station, Sheerness.

Conservative Party in Wales conference opens, Llandrindod Wells (until June 13).

Essex County Show opens (two days), Chelmsford.

South Thames Show opens (two days), Blackheath.

Christies "finest and rarest" wine sale, London.

Overseas: UN Security Council meets in New York to discuss Israeli raid on Iraqi nuclear plant.

Sir Ian Gilmour, deputy Foreign Secretary, starts visit to U.S. for talks in Washington with Mr George Bush, Vice-President; Mr Caspar Weinberger, Defence Secretary; and Mr Walter Stoessel, acting Secretary of State (until June 19).

Mr Zenko Suzuki, Japanese Prime Minister, meets President Alessandro Pertini of Italy in Rome.

**PARLIAMENTARY BUSINESS**

House of Commons: Private Members' Bills.

**OFFICIAL STATISTICS**

Building societies' monthly figures for May.

**COMPANY MEETINGS**

Brown Boveri Kent, Connaught Rooms, Great Queen Street, EC, 12. Coates Brothers, Stationers' Hall, Ludgate Hill, EC, 11.30. I. J. Dewhirst, Royal Station Hotel, York, 12. S. W. Farmer, Founders Hall, 13 St Swithin's Lane, EC, 12. First Castle Elecs., 43 Castle Street, Liverpool, 11.45. Fothergill and Harvey, Midland Hotel, Peter Street, Manchester, 12. Lanca, Bower Hotel, Holinwood Avenue, Chadderton, Oldham, 2.30. Leadenhall Sterling, Newbury Road, Andover, Hants., 12. B. and I. Nathan, Great Eastern Hotel, Bishopsgate, EC, 12. Petrocon Group, Ship Hotel, Monument Green, Weybridge, Surrey, 12.30. John C. Small and Tidmas, Birkbeck House, Trinity Square, Nottingham, 12. Sunlight Services, Westbury Hotel, Bond Street, W, 12.

**COMPANY RESULTS**

Final dividends: John Beales Associated Companies. British Benzol Carbonising. Brown and Jackson. Pilkington Brothers. Interim dividends: Chemring. Arthur Guinness. Interim figures: Tomkinsons Carpets.

# Hill Samuel climbs 46% to £11.3m and pays more

AFTER-TAX profits of the Hill Samuel Group rose by 46 per cent to £11.3m in the year ended March 31 1981. With a final dividend of 4.8p net the total payment has been increased by a fifth to 7p per share.

In line with the previous year, the group's merchant banking operations showed the most significant growth in profits. Following a 51 per cent improvement in 1979-80 disclosed banking profits rose by 54 per cent to £10.65m.

In the UK, banking profits increased materially, helped by the high level of interest rates which boosted earnings from the bank's free capital resources. Corporate finance business was buoyant and after several quiet years the group's foreign exchange trading activities produced a "very strong performance."

The group took full advantage of the generally volatile conditions in world markets and completed a number of substantial long term forward cover and currency hedging arrangements for customers which resulted in a "useful contribution.

The group's overseas banking operations also increased their profits substantially. Hill Samuel Australia had an "outstanding year," consolidating its position as a market leader. Hill Samuel South Africa also boosted profits substantially and together these two companies contributed around two-fifths of the merchant bank's profits.

Lambert Bros. Shipping reported a 67 per cent increase in after tax profits to £1.15m but the forecast improvement in performance on the insurance broking operations did not materialise. Lowndes Lambert reported an after-tax loss of £1.4m compared with a loss of £1.55m for the previous year.

Brokerage income increased but the group's interest income suffered a material reduction as a result of financing capital expenditure, the funding of clients' claims and slower payment of premiums.

In his chairman's statement, Sir Robert Clarke, says that Lowndes Lambert is having to bear the costs of property which, in certain locations, substantially exceed its own requirements—a situation that will only be corrected by subletting as and when market conditions permit.

The group has provided a further £468,000 after tax as an extraordinary item, relating to the costs of the relocation of a substantial proportion of the staff of the division from London to Swindon. The chairman says that "substantial costs and staffing reductions have already been made but we must now anticipate a material lead time before new business efforts and administrative efficiencies are fully reflected in profits."

The group is determined that Lowndes Lambert "will in the medium term return to the levels of profitability which should be inherent in a successful insurance broking operation of its size.

The chairman says that there is room for "further substantial improvement in future years."

Lex, Back Page

# Sumrie in the red

FOR THE year to March 28 1981 Sumrie Clothes, manufacturer of quality menswear, made a pretax loss of £68,000 against last year's profit of £23,000.

As anticipated in the interim statement, there was no improvement in trading conditions in the second half and the cost of bank borrowings continued at a very high level.

At midway the loss had been £178,000, compared to a £99,000 surplus.

Turnover was down from £4.87m to £3.67m and the trading loss was £295,000 against a profit of £289,000. Profit on sales of freeholds contributed £627,000 (nil) while redundancy costs took out £290,000 (£219,000) and interest £110,000 (£47,000).

The dividend is 1.5p, the same as last year. Earnings per 20p share are stated as 9.23p (1.79p).

The company has completed rationalisation plans and moved to new premises at Berkeley Road, Leeds, where it has commenced manufacturing.

Retail sales of men's outerwear continue to be depressed, but bank borrowings during the year have been considerably reduced. The company says that this, together with the major cuts in overheads, will enable it to operate successfully, particularly if demand improves following any upturn in the economy.

There were tax credits for the year of £299,000 (£22,000), which included £150,500 release of tax deferred by stock appreciation relief.

Retained profits were £193,000 (£7,000).

### RENTBREAK

The option for London and Californian Publishing to purchase Rentbreak has lapsed. Rentbreak will continue as sole publisher of London Portrait, a leading courtesy magazine distributed in Belgravia, Kensington, Knightsbridge and Mayfair.

# Large tax credit offsets 600 Group profits dive

WITH THE second half result little different from the depressed level seen at halftime 600 Group finished the year to March 31, 1981, with pre-tax profit more than halved from £9.66m to £4.76m. However a large tax credit arising from stock relief enabled this machine tool and engineering group to show a £3.48m advance to £12.15m in the attributable surplus and the dividend is being maintained.

Turnover fell from £191m to £149m and operating profit was down from £13.8m to £9.49m before interest charges up from £1.6m to £2.35m.

Sir Jack Wellings, the chairman, says the very large fall in home demand, particularly in the steel industry, made it inevitable that overall profits would be well down, although exports rose 14 per cent and the overseas companies achieved record results.

"We took action early to cut back the size of some of our operations in line with the current reduced home demand using care not to affect our future capacity but the costs were substantial," he adds.

The iron and steel division fell from a £1.03m trading profit to a £2.63m loss on sales down from £86.36m to £49.94m. Machine tools slipped to £5.63m (£7.09m) on sales of £71.41m (£77.54m) but a substantial increase overseas eased the decline in the engineering division which was down from £1.42m to £1.1m on sales of £27.17m (£26.89m).

With £9.05m (£4.42m) stock relief there was a tax credit of £8.85m, against a £637,000 charge.

Stated earnings per 25p share emerged ahead at 29.2p (19.2p) before extraordinary debits of £1.1m (£53,000) and at 26.8p (19.1p) after these costs. The extraordinary items comprised closure and reorganisation costs of £2.45m (£550,000) less a £119,000 (£283,000) surplus on property sales.

The net total dividend is being held at 5.25p by a same-again final of 2.91p.

On a current cost basis pre-tax profit was down from £3.8m to £1.3m after extra deductions of £4.55m (£7.86m) less a gearing adjustment of £1.08m (£2m).

During the year the group spent £2.58m on acquiring Startrite Engineering Group, £4.63m on acquiring 25 per cent of Clausing Corporation and £1.14m buying 17 per cent of F. Pratt Engineering Corporation on which it has an option to buy a further near 10 per cent for £557,000. It also formed Sixcom Systems to exploit its computer systems.

On the other hand withdrawal from some traditional activities involved the closure of shipbreaking Industries, Hughes Bolckow, and five scrap depots of George Cohen Sons and Co. The Swindon plant of Jones Cranes was closed and production transferred elsewhere and the Jones Reinforcement business was terminated.

## HIGHLIGHTS

Lex looks at the latest results from Hill Samuel where the year's profits are up to £11.29m from £7.69m thanks to an above average performance from the banking side. Lex also reviews the Berisford bid for British Sugar which is now approaching its first closing date. The Japanese stock market comes in for comment and finally the column takes a look at the full year figures from the 600 Group where profits are halved. On the inside pages retailer Henry Wigfall produces its annual figures. Pre-tax profits are down from £1.1m to £634,000 but a final dividend of 6p is paid—the interim was passed. Staveley's profits are virtually unchanged for the year at £7.3m and the group looks forward with quiet confidence.

# Owen & Owen stores improve

At the end of the first quarter of the current year, the established stores of Owen and Owen in the UK and Canada had showed a small improvement in operating results, compared with last year, despite a lower contribution from the T. J. Hughes group, on Merseyside, stated Mr J. A. H. Norman, who is also managing director.

The board saw no reason why the established parts of the business should not continue to improve.

Overall results for the year would be affected by the costs of financing the development programme, which included the two additional major stores opening this autumn in Basingstoke and on the Hamilton Mountain in Canada.

The directors of Bruntons (Musselburgh), steel wire manufacturer, expected to be able to maintain the second interim dividend, to be paid next April, despite an "inescapable decline in profits," Mr. A. S. Wood told members.

In the annual statement last April, a maintained first interim was forecast—last year this was 4.25p followed by a final payment of 5.21p.

Mr Wood said the current year continued to be difficult, but there were some signs of changes favourable to the company. The value of sterling had fallen, efforts to restrict the production and increase the prices of Continental steel producers appeared more likely to succeed, and for the company's three main products it was continuing to slightly increase its share of the contracted demand.

# Stanelco for USM by placing

Stanelco, specialist in machinery for controlling localised high intensity heat, is coming to the Unlisted Securities Market by way of a placing of 1.3m shares, 40 per cent of the enlarged share capital, at 83p per share.

The company is a subsidiary of Solidyne, a U.S. public company which is providing most of the shares in the placing while retaining 60 per cent.

Stanelco, incorporated in 1953 in London to manufacture plastic welding equipment, was from 1963 to 1967, a subsidiary of Standard Telephone and Cables. It then was acquired by the UK subsidiary of the U.S. company, Willcox and Gibbs.

Later in 1967, Solidyne bought all the high frequency thermal processing interests of Willcox and Gibbs in the U.S. and England, including Stanelco.

About one-third of Stanelco's sales in the nine months to March 31 1981 came from the design, manufacture and sale of dielectric thermal processing equipment. These machines are used to weld PVC sheeting for such items as plastic binders and protective clothing and to cure adhesives and resins. Customers include Bass, Boots, Plessey, Unilever and Vickers.

The remaining sales come from equipment for the thermal processing of metals, transistor materials, silicon chips and optic fibres, customers for which include Cambridge Instruments, Corning Glass, GEC, GKN and ITT.

Exports in the first nine months of the current year accounted for 30 per cent of turnover.

The company's turnover has grown from £0.5m in 1975-76 to £1m last year, and a forecast £1.2m in the current year to June 30. Over the same period, the group has moved from a loss of £9,000 to a pre-tax profit of £111,000 before litigation costs of £40,000 and a forecast £220,000 this year.

The litigation was the result of an action by a customer and was settled out of court.

No dividends are being proposed for the current year and no dividend or profit forecast is being made in respect of next year.

Of the 1.3m shares in the placing, 1m are being sold by Solidyne. The remaining 308,000 are new shares issued by the company. The £250,000 net proceeds to the company are to be used for working capital and to repay a £40,943 bank loan. Solidyne's remaining 60 per cent shareholding in the company is in the form of 2m non-participating convertible shares for a period of some three years.

A pro-forma balance sheet at March 31, 1981, adjusted for placing proceeds and the repayment of the bank loan, shows net tangible assets of £579,000, of which £219,000 is in cash.

The placing is being made by Tring Hall Securities and brokers to the issue are Shaw and Co.

### ● comment

Stanelco has a couple of very exciting projects for expanding its precision heating equipment business. The most advanced is an induction heating unit for treating welded cans developed in cooperation with Metal Box to replace lead soldered ones. The other is a high frequency thermal processing system for drawing optic fibres. The potential for optic fibres in telecommunications is enormous and there are not many companies that are specialised in designing and building this type of equipment. Stanelco's profit record has been patchy so far and the litigation with a customer is not satisfactorily explained. It is not entirely clear why Solidyne is floating off part of its subsidiary but it is certainly getting good value. At the placing price, the fully taxed, fully diluted p/e is nearly 27.

### SPAIN

| June 11 | Price % | + or − |
|---|---|---|
| Banco Bilbao | 335 | +9 |
| Banco Central | 405 | +13 |
| Banco Exterior | 310 | +7 |
| Banco Hispano | 325 | +15 |
| Banco Ind. Cat. | 124 | +1 |
| Banco Santander | 378 | +12 |
| Banco Urquijo | 211 | +6 |
| Banco Vizcaya | 353 | +9 |
| Banco Zaragoza | 259 | +10 |
| Dragados | 217 | +8 |
| Espanola Zinc | 88 | +1 |
| Fecsa | 75.7 | |
| Gal. Preciados | 50 | +0.5 |
| Hidrola | 83.5 | |
| Iberduero | 69.5 | |
| Petroleos | 137 | +12.5 |
| Petroliber | 99 | |
| Sogefisa | 65 | |
| Telefonica | 80 | +4 |
| Union Elect. | 79.7 | +1.7 |

# Staveley Industries at £7.33m

PRE-TAX profits of Staveley Industries for the year ended February 28, 1981 was roughly unchanged at £7.33m—compared with £7.31m—on lower turnover of £164.25m, against £175.58m.

At the interim stage taxable profits of £3.26m (£1.53m) were made and sales stood at £83.36m (£82.11m).

The directors of this industrial holding company have recommended a maintained final dividend of 8.5p net per £1 share making a same again total of 13p, while earnings per share are stated lower at 30.5p (41.7p).

And they say it would be unwise to try to forecast the company's performance for the current year, but they expect—as in past years—that the second half will be better than the first.

During 1980-81 the company invested £6.1m (£7.9m) in fixed assets and this capital expenditure programme is continuing. Land and buildings were professionally revalued producing a surplus of £9.5m.

The directors say there was a significant improvement in liquidity, and a 12.5 (31.2) per cent drop in gearing. The reduction in borrowings was mainly due to the receipt of the bulk of proceeds arising from disposals. Continued attention to cash control made a further appreciable contribution to the company's balance sheet they say.

Profit before tax was struck after interest of £2.45m (£2.97m) and the tax charge jumped from £274,000 to £2.03m.

The amount attributable etmerged as a loss of £1.09m (£2.76m profit) after extraordinary debits of £5.51m (£3.28m) —most of which covered the cost of disposals and closures, with the close down of the Asquith machine tool division in Halifax being the most significant item—and minorities of £869,000 (£996,000).

A breakdown of turnover and trading profit by division shows: electrical and mechanical services £37.64m (£41.93m) and £1.14m (£957,000); foundries £23.08m (£32.46m) and £853,000 loss (£947,000 loss); machine tools and engineering £35.95m (£29.81m) and £810,000 (£1m); mineral products £27.96m (£26.74m) and £6.81m (£6.08m); Salter £16.55m (£18.25m) and £16,000 (£1.63m); and U.S. and Canada £23.06m (£26.38m) and £1.85m (£1.56m).

Of the £164m turnover, £44.4m —27 per cent (same)—was earned overseas including £19.3m exported direct from the UK.

### ● comment

Staveley is unusual in its quiet belief that debt reduction, which leaves financial gearing at a 15 year low, has probably been taken too far. A programme of 5 subsidiary company closures, two disposals, and further above-the-line redundancies (costing £1.4m) has had the obvious effect on working capital and it now remains to be seen where the group will deploy the resultant cash inflow. Its plea for re-categorisation as a mineral products supplier, rather than a machine tool and engineering group, is again reinforced by no more than a casual examination of the divisional profile. It sees useful scope for expansion of the Peakstone business and, while any acquisitive growth in the Salt operation is probably blocked by ICI's looming presence, both facets of mineral production have contributed to the year's advance despite static volume. Other areas of likely acquisition should include electronic testing equipment where there may be room to bring Nortec's U.S. expertise into Europe and it is possible that Lapointe will buy to complement its ambitions in the North American aerospace market. Salter, following a management shake-up and the eventual introduction of Californian electronic know-how to West Bromwich, should make up a lot of lost ground but EMS will almost certainly falter this time and the decline of the UK industrial market has already offset gains in Africa and Middle East exports. Profits may take some time to recover fully, but the yield of almost 8 per cent at 242p, up 4p yesterday, offers adequate short term support.

# Profit return seen by Barr & Wallace

Recovery to a modest profit for the current year is forecast by Mr Malcolm Barr, chairman of Barr and Wallace Arnold Trust, in his annual statement. For 1980, as reported on May 13, a sharp rise in interest charges resulted in a pre-tax loss of £50,443, compared with a profit of £1.9m.

Mr. Barr reports that while it seems likely the motor division will return to profitability, he does not expect the leisure and holiday division to perform as well as last year, because of the continuing decline in British holidays. Other parts of the group, he adds, are trading satisfactorily.

Strenuous efforts have been made to counteract the decline in British coach tours. In contrast, the group's continental holiday operations are experiencing another good year. The group is now involved in five separate coach lines to principal European cities with anticipated carryings in excess of 150,000 passengers against under 20,000 in 1978.

Commenting on the new British Coachways operation started in October 1980, Mr Barr says that the effect of introducing low fares has created a "sensational" increase in passengers travelling by coach throughout the UK and British Coachways secured a reasonable share of this new traffic. "Potentially, this is a large market deserving investment both in capital equipment and management effort."

Meeting, Leeds, on July 3, at noon.



## REPORTS TO MEETINGS

# P & O expects first half fall

Peninsular and Oriental Steam Navigation expects lower profits in the first half of 1981 but is sticking to its forecast for the full year of a "broadly maintained" result.

Lord Inchcape, the chairman, told yesterday's annual meeting that business was being affected by continuing disruption at Southampton, where there is a dockers' dispute over wages, and weaker oil prices affecting its energy interests in the U.S.

Thus first-half results would be down, he said. In the first six months of 1980, P and O earned £12.9m before tax. Excluding the effect of ship sales, profits after tax for the full year would be more or less maintained.

Lord Inchcape drew attention to historically high interest rate levels as a constraint on its activities. Another hindrance to investment was the fact that "our profits are still not high enough to enable us to replace the assets in all of our existing businesses without increasing our borrowings."

He added: "We will certainly remain in some areas of shipping and I expect we will have more of our assets invested in shipping for the foreseeable future than in any of our other businesses."

As well as shipping, the group is also involved in oil and gas, construction through Bovis, banking, and transport. Turnover last year totalled £2.24bn against £1.37bn in 1980, with pre-tax profits up from £38.7m to £47.1m.

At other annual meetings yesterday chairmen reported as follows:

Despite the expenditure last year at Ward White Group, the balance sheet remained remarkably strong, Mr George McWatters told members.

Some £10m was spent on acquisitions in 1980 and a further 3.5m shares were purchased in K Shoes for £2.16m.

He said that the UK manufacturing and distribution divisions had not yet been buoyant, but the safety sector and also the overseas side, would have made a fair contribution to profit at the half year.

"We are particularly pleased that our companies in Australia, after many difficult years, and now under a new management team, are showing considerable improvement in profitability."

Although there had been some signs of a slowdown in newspaper and magazine sales, there had been steady increases in UK trade on both the retail and wholesale sides of W. H. Smith and Son (Holdings), Mr P. W. Bennett said.

The level of Christmas trade was of paramount importance to the year's results, he stated, but, "we are not depressed about our performance or the prospects."

W. H. Smith Do it All was finding the going tough, but should improve on last year's figures, and although the UK operations of book distribution and publishing appeared to have stabilised, they faced a real test over the Christmas period.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corresponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Ariel Industries | 0.81 | Sept 18 | 1.62 | 1.35 | 2.7 |
| Brown Shipley | 7.5 | Aug 1 | 7.5 | 13 | 13 |
| Burco Dean ...int. | 0.1 | Aug 7 | Nil | — | Nil |
| Carlton Real Estates | 0.5 | — | Nil | 0.5 | Nil |
| A. Cohen | 4.9 | Aug 28 | 4.44 | 7.5 | 6.8 |
| Continuous Stationery | 1.7 | Aug 4 | 1.7* | 2.15 | 2.15* |
| Cullen's Stores | 5.14‡ | — | 5.14 | 6.14 | 7.14 |
| Electra Inv. | 1.59 | July 31 | 1.33* | 2.69 | 2.33* |
| Fairline Boats ...int. | 0.5 | July 8 | 1.7 | — | 3.5 |
| James Finlay ...2nd int. | 3.25 | July 27 | 3 | 6.25 | 5.75 |
| Gt Portland Estates | 4 | Sept 4 | 3.2* | 5 | 4* |
| Hill Samuel | 4.8 | — | 4.02 | 7 | 5.85 |
| Plysu | 1.4 | July 23 | 1.21 | 2.08 | 1.89 |
| Sidlaw | 2.5 | Aug 11 | 1.5 | — | 3 |
| 600 Group | 2.91 | — | 2.91 | 5.25 | 5.25 |
| Staveley Ind. | 8.5 | Aug 4 | 8.5 | 13 | 13 |
| Sumrie Clothes | 1.5 | — | 1.5 | 1.5 | 1.5 |
| Valor | 1.89 | — | 1.89 | 2.66 | 2.66 |
| Wigfall | 6 | — | 10.5 | 6 | 13.5 |

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Gross throughout.

## BANK RETURN

| | Wednesday June 10 1981 | Increase (+) or Decrease (—) for week |
|---|---|---|
| **BANKING DEPARTMENT** | | |
| Liabilities | £ | £ |
| Capital | 14,553,000 | — |
| Public Deposits | 32,559,106 | — 1,325,167 |
| Bankers Deposits | 449,418,626 | — 75,344,162 |
| Reserve & other Accounts | 1,567,139,170 | + 71,437,187 |
| | 2,063,779,902 | — 5,132,142 |
| Assets | | |
| Government Securities | 636,724,218 | + 28,355,000 |
| Advances & other Accounts | 918,105,666 | + 6,186,594 |
| Premises Equipment & other Secs. | 494,197,523 | — 30,672,204 |
| Notes | 14,494,180 | — 9,004,796 |
| Coin | 258,315 | + 3,264 |
| | 2,063,779,902 | — 5,132,142 |
| **ISSUE DEPARTMENT** | | |
| Liabilities | £ | £ |
| Notes issued | 10,475,000,000 | — 50,000,000 |
| In Circulation | 10,460,505,820 | — 40,995,204 |
| In Banking Department | 14,494,180 | — 9,004,796 |
| Assets | | |
| Government Debt | 11,015,100 | — |
| Other Government Securities | 8,233,999,002 | + 172,672,687 |
| Other Securities | 2,229,985,898 | — 222,672,687 |
| | 10,475,000,000 | — 50,000,000 |



CORAL INDEX

Close: 533-538 (−8)

OIL INDEX

July Refined $39.50
October Refined $40.65

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MINING NEWS

# Row over black mineworkers breaks out again

BY GEORGE MILLING-STANLEY

THE CONTROVERSY over the South African Government's plans for labour reform in the mining industry broke out again recently, when the white Mineworkers' Union (MWU) accused Anglo American Corporation, the country's largest mining company, of training black workers to do jobs currently reserved for whites.

The row arises from suspicions of members of the MWU that the government intends to carry out its promises to foster black advancement by abolishing job reservation in the mines.

It has long been suspected within the industry that a forthcoming report from the Wiehahn Commission, set up by the government to look into labour relations within the country, recommends just this.

This report was expected to be published before the recent general election in South Africa, and the fact that its release has been delayed lends fuel to the belief that it contains recommendations which could have cost Mr P. W. Botha, the Prime Minister, a substantial measure of support among the more hard-line voters.

The principal fear of the white mineworkers is that the government will remove the legal bar to blacks obtaining blasting certificates. This bar has been the main inhibiting factor to black advancement in the mining industry for many years.

The MWU has threatened to call a general strike if the prohibition is lifted, and in the past the union has been successful in its confrontations with the mining companies and the Chamber of Mines when these bodies have attempted to put their more liberal principles into practice.

This time, however, there is apparent a new mood of militancy within the Chamber and the leading companies, and senior executives seem ready for a confrontation with the MWU and are determined not to be beaten.

Anglo American has denied the MWU's accusations that it has anticipated a change in the law, but Mr Arrie Paulus, the union's general secretary, remains suspicious.

He said that blacks were being trained as assistants to white miners at the group's President Steyn gold mine in the Orange Free State, which has been experiencing production problems lately.

Anglo replied that the training which black team leaders are undergoing at the mine is part of a general programme of employee development being introduced at all the group's mines, and is intended to turn the trainees into better team leaders. It is not designed to prepare them to take over jobs currently held by whites.

Nevertheless, the current outbreak of the dispute reveals the depth of feeling about the issue on both sides. The mining companies claim they need to be allowed to train blacks beyond their present levels in order to compensate for a shortage of skilled white workers, and the whites feel themselves increasingly threatened as employers from all branches of industry have committed themselves to the removal of racial discrimination, notably through the codes of conduct adopted by the Urban Foundation and many employers' federations.

# Ergo to reopen the old Simmer gold property

REVISED ARRANGEMENTS are announced by the Anglo American Corporation group for the exploitation of the surface dumps and underground ore potential of South Africa's old Simmer and Jack gold mine, near Johannesburg, which started production in 1888 and closed in 1964.

The group's East Rand Gold and Uranium (Ergo) is to acquire the venture by issuing 1m shares to Anglo American and associated companies which include Anglo American Gold Investment.

The capital cost of the project is put at R55m (£32.5m) and Ergo's obligation to repay the loans involved will be limited to 50 per cent of its receipts from the project after deduction of a 15 per cent administration fee.

At current gold prices (bullion was $465½ per ounce yesterday) Ergo reckons that the project will make a "worthwhile" contribution to the company's profits.

The Simmer property contains surface "waste" dumps holding approximately 23m tonnes of material. The average recovery grade is expected to be 0.68 grammes of gold per tonne, giving a notional total gold recovery of over 500,000 oz.

In addition, an underground prospecting programme is to be carried out to test the economics of mining the Kimberley reef ore reserves. If results of this warrant, it is hoped to produce about 50,000 tonnes of ore a month from underground working.

A new treatment plant is to be constructed with an annual capacity of 150,000 tonnes of ore per month. The plant will take two years to complete and it is intended that two-thirds of its input will be of surface dump material and the rest will come from underground working.

# Latest news from the oil and gas explorers

Australia's Pancontinental Petroleum, the operator of the Amadeus Basin joint exploration venture, commenced drilling of the consortium's first exploration well on June 3.

The well, Wallaby No 1, is located in Permit OP 175 some 30 km south-east of Alice Springs, in Australia's Northern Territory.

Other members of the consortium are: Magellan Petroleum, Moonie Oil, United Canso Oil and Gas, Amadeus Oil, Farmont Drillers, Apollo International Minerals, Oilmin, Charles Davis, and Canada Southern Petroleum.

* * *

The Blina 1 oil discovery well, drilled in Australia's Canning Basin, has reached target depth of 2,496 metres and has failed to produce oil following a drill stem test of the interval 2,269 metres to 2,290 metres.

The operator recovered 76 metres of drilling mud from the drill string and wireline logs are being run on the well.

The discovery of oil in Blina 1, which flowed at a rate of 907 barrels a day during a previous drill stem test, prompted intensive speculation of a sizable and promising oil find in the Canning Basin.

The speculation was intensified by optimistic comments attributed to the Chief Executive of America's Occidental Petroleum, whose company has a 27.5 per cent interest in the licence area containing Blina 1, EP 129.

Other interests in EP 129 are Home Oil Australia, operator, 27.5 per cent, Alberta Eastern Gas, 25 per cent and Vamgas. The latter has a 20 per cent holding, half of which it has agreed to farm out to Petroleum Securities Australia, which is approximately 70 per cent owned by Genoa Oil.

* * *

The Gulf Number 1-13-3B well in the Lone Butte field in the Williston Basin of North Dakota has flowed at a rate of 288 barrels of oil and 472,000 cu ft of gas a day, according to Gulf Oil. Gulf's partners in the well are Standard Oil (Indiana), Williston Basin and Getty Oil.

* * *

The McKinlay 1 well drilled in Australia's Cooper Basin has been completed as an oil producer, according to Santos, the leading interest holder in the consortium which drilled the well.

McKinlay 1 is located 50 km south east of the Moomba gas field and 32 km south west of the Strzlecki oil field, and produced oil at a rate of eight barrels daily from the interval 1,242 to 1,245 metres. Small amounts of oil and gas were recovered from the interval 1,444 to 1,504 metres.

Santos has a 35 per cent interest in the well, Delhi Petroleum 21 per cent, Crusader Resources 30 per cent and Vamgas and South Australian Oil and Gas 7 per cent each.

* * *

The State Tract 116 Well Number 1 in Galveston Bay, Texas, has flowed at rates of 452 barrels of oil and 732,000 cu ft of gas daily.

The well and 640 surrounding acres are owned by Amax Petroleum Corporation, a wholly-owned subsidiary of Amax. Amax is planning additional development drilling in the area.

* * *

A private placing of common shares in the Canadian-based Tri-Basin Resources has been made in London by brokers Earnshaw Haes and Sons with the assistance of Walwyn Stodgell Cochran Murray. The brokers placed 200,000 shares at a price of 202p. Yesterday Tri-Basin closed at 215p.

Tri-Basin is participating in an oil discovery at Lake Somerville in Texas and has interests in Medina County, Crockett County, both in Texas, as well as Okfuskee County, Oklahoma.

## ROUND-UP

Canada's Les Mines d'Or Thompson Bousquet is to pay a dividend of 50 cents (21p) to its owners, which are all companies within the Little Long Lac Gold Mines group.

This brings dividends to C$1.15 a share, or a total of C$2.4m, since this gold producer in Cadillac, north-west Quebec, was set up less than two years ago.

The Little Long Lac group accounts for about 10 per cent of Canada's gold output.

* * *

First-quarter net profits of Consolidated Rambler Mines, the small Newfoundland copper producer, fell to C$900,000 (£385,000). Revenue from concentrates and other income was down to C$4.2m against C$5.6m.

# A. Cohen tops profit prediction

TAXABLE PROFITS of A. Cohen and Co., metal refiner and manufacturer of non-ferrous alloys, improved during the 12 months to end-December 1980 from £2.11m to £2.42m including associates' contributions of £474,747, compared with £339,027. Turnover increased by £1.52m to £34.71m.

The surplus is better than predicted, for at midyear, when profits showed a rise of £249,000 to £1.19m, the directors foreshadowed a somewhat lower return in the second six months.

After tax of £1.15m (£1m) and minority debits of £226,792 (£262,275) the attributable balance for the year emerged lower at £1.04m (£2.36m)—last year's figure included the profit from part sale of a shareholding in an associate of £1.52m, against nil this time.

Stated earnings per 20p share rose sharply from 45.83p to 56.47p, while the net dividend total is increased to 7.5p (6.8p) with a final of 4.9p.

# Receivers at Meghof

Mr Philip Ramsbottom and Mr Allan Benzie, partners at Peat, Marwick Mitchell in Manchester, have been appointed joint receivers and managers of Meghof and its subsidiaries.

They say they are anxious to sell the company, which is based in Radcliffe, north Manchester and designs and instals fire sprinkler systems, as a going concern.

# Plysu down £1m but pays more

PRE-TAX profit of Plysu, maker of plastic containers and domestic wares, fell from £2.33m to £1.39m for the year ended March 31 1981. At halftime profit was £685,000 compared to £1.24m.

The company says the pre-tax margin of 7.5 per cent in the first half has been improved to just under 10 per cent in the second, which has enabled it to recover part of the ground lost last summer.

Turnover was down from £17.82m to £16.34m.

Depreciation took £897,000 (£834,000) and interest £70,000 (£164,000). Retained profit was £941,000 (£1.42m) after tax of £220,000 (£699,000).

There is a final dividend of 1.4p making a total of 2.0786p compared with 1.8931p. A free scrip issue of 1-for-10 is proposed and a maintained dividend on increased capital is forecast. Earnings per 10p share are stated at 10.5p compared to 14.5p.

Housewares were more active, particularly in the last quarter of the year and sales are now running at record levels. But container sales are still far from buoyant and there are no clear signs of a lasting return to full production.

Plysu says that the policy of expansion from an increasingly efficient base is reflected in the capital expenditure of £1.57m.

Deferred tax on stock appreciation relief provided in earlier years amounting to £183,000 is being released as a prior year adjustment.

Tax paid by the company was reduced by an excess of tax allowances on capital expenditure over depreciation of £420,000 (£411,000).

### ● comment

Plysu has survived the heavy destocking by its industrial customers remarkably well. The fall in profits is due to lower volume from a larger customer base than last year, but this does well for the future once the market for plastic containers picks up. Capital investment in new machinery has already increased returns on the housewares side which accounts for the increase in pre-tax margins in the second half. Unwinding of stock position has enabled the company to pay off its outstanding bank balance and loans of £1.093m leaving it with a small cash balance. The company is looking out for acquisitions in the same field of business, which can benefit from its expertise in blow moulding. The shares rose to 92p at which level the yield is a mere 3 per cent and the p/e, fully-taxed, is 15.

## THOMAS FRENCH

Taxable profits of Thomas French & Sons amounted to £881,765 for the first six months to March 28, 1981, against £926,184 for the same period last time. For the full year to September 27, 1980, profits totalled £1.34m, and not £2.27m as stated yesterday because of an agency error.

# James Finlay edges up

A DECREASE of £573,000 to £5.97m in the second six months left James Finlay and Co., international trader and financier, showing a small increase in pre-tax profit for the whole of 1980 from £11.03m to £11.34m. Turnover improved to £95m, compared with £93.34m.

Stated earnings per 25p emerged ahead at 16.6p (15.2p) on a net basis and slightly down, at 17.1p (17.5p) on a nil basis. The net total dividend is being stepped up to 6.25p (5.75p) by a second interim of 3.25p, and a one-for-two scrip issue is proposed.

At the trading level profits were ahead from £9.79m to £11.01m after charging interest of £2.94m and realised exchange losses of £666,000 and including net gains on sales of investments of £1.77m.

The share of associates was £389,000 (£1.24m) with Tata-Finlay now treated as a long-term investment rather than as an associate.

The attributable surplus came out at £6.4m (£5.87m) after a tax charge more than £1m less at £3.8m, and minorities of £1.2m (£284,000).

In line with ED 27 exchange losses on translating net assets overseas have been charged to reserves and not as an extraordinary item. Comparatives have been restated.

## LEE BEESLEY

Ernest Walker & Co., which designs and installs commercial electrical systems, has been taken over by the Lee Beesley Group of Companies.

# Wigfall 6p final: profit at £0.6m

TAXABLE profits of Henry Wigfall and Son, retailer of electrical goods, furniture and fashionware, fell by almost half for the year ended March 28 1981 from £1.08m to £634,000; and the dividend is being cut. At midway the company had made a profit of £63,000 compared with £269,000.

Turnover showed only a marginal improvement at £45.33m against £44.25m. The company blames the fall in pre-tax profits on high operating costs.

However, gross margin targets were achieved so the Board has decided to recommend a final, and total, dividend of 6p per 25p share. Last year the final was 10.5p, making a total of 13.5p.

Earnings are stated as 9.6p (14.9p) per share.

Trading profit was £9.06m against £9.35m. Interest took £2.52m (£2.64m) and tax £135,000 (£297,000) leaving profits after tax of £499,000 (£778,000). Retained profits were £186,000 against £135,000.

Current cost accounting gives a loss before tax of £9,000.

Mr. R. W. Morrell, managing director, says that trading conditions remain depressed, but unit sales are currently higher than at this time last year.

The major reorganisation programme is "helping to combat the continuing pressure on trading margins leaving Wigfalls well placed to take advantage of any revival in the general economic climate when it occurs."

### ● comment

On the face of it, Henry Wigfall turned in very much the sort of performance which the market has been expecting since the interim figures appeared in January. The pre-tax profit is bolstered, however, by a £295,000 surplus on asset sales (shown as a current cost operating adjustment, but not mentioned in the historic cost accounts). The 6p net dividend now being paid may be justified by the slightly higher unit sales Wigfall is now experiencing, but it is not covered by earnings unless the exceptional credit is counted. Some progress has been made on the control of debtors, but income gearing remains at an unfavourable 79 per cent. The need to build up rental stocks of video equipment means that the need to borrow is still there. The shares were unchanged yesterday on 170p, the year's high. At this level, the single dividend yields 5.2 per cent. A fully-taxed p/e of 28 probably reflects paucity of earnings rather than any imminent bid.

## HORIZON TRAVEL

Acceptances have been received in respect of 95.81 per cent of the 3.5 ordinary shares of Horizon Travel offered in the rights issue. The balance of 147,347 shares has been sold in the market and a net excess price of approximately 45p a share obtained.

# Sidlaw halfway profit and raises interim

PRE-TAX profits of Sidlaw Industries, the yarn spinner based in Dundee which also provides services for the North Sea oil and gas industries, were £256,000 for the half year to March 27 1981. In the same period last year the company made a pre-tax loss of £163,000 and for the full year the deficit was £134,000.

Turnover fell from £18m to £15.22m. The company has announced an increased interim dividend of 2.5p compared to 1.5p. It says that prospects for the second half remain encouraging in oil services and a modest profit contribution is anticipated from the restructured textile activities.

Trading profits were up from £111,000 to £571,000 and interest paid was £453,000 against £521,000. Associated company profits were £138,000 (£247,000).

The board says that negotiations previously reported for the sale of the U.S. subsidiary Sidlaw of Scotland Inc. were concluded with effect from March 30 1981.

Breaking down turnover between the divisions, oil services for the half year were up by £1.6m to £7.27m while the textiles division slipped from £12.73m to £7.95m. The board says that oil services, with a broadening base of trading activity, are now less susceptible to seasonal influences. Their trading profit is more than double that of the half year to March 1980.

As forecast in January, substantial textiles losses continued throughout the first half and up to the closure of the weaving operation early in April. The provision made at September 1980 to cover net redundancy and closure costs appears to have been adequate.

**• comment**

Sidlaw's recovery is coming more quickly than expected following its painful transformation into an oil services company. This side of the group doubled its trading profits in the first half and should show further growth in the second. With the anticipated ending of losses in textiles, Sidlaw could be on the way to producing its best profits in a decade of about £1¼m. After cutting last year's final dividend by 70 per cent, the directors have raised the interim by two-thirds and it seems at least possible the total dividend could be restored. At the current profit level, the borrowing charges are onerous but the operational gearing is starting to work in the group's favour. The shares gained 9p yesterday to 156p. Assuming a restored dividend, the yield is 6.2 per cent and the prospective fully taxed p/e nearly 15.

## Continuous Stationery

SECOND-HALF profits of Continuous Stationery fell from £261,040 to £138,833 and left the taxable surplus for the full year ended March 31, 1981, behind at £331,060, compared with £449,635.

After tax of £104,368 (£229,725), however, net profits were just ahead at £226,692, against £219,910, giving earnings per 10p share of 4.53p (4.39p).

And the dividend is effectively maintained at 2.15p net with an equivalent same-again final of 1.7p.

Turnover of this computer stationery printer moved ahead from £3.55m to £3.9m and after the dividend cost, unchanged at £107,500, the retained balance came through up from £112,410 to £119,192.

On a current cost basis the pre-tax figure is reduced to £160,948.

BIDS AND DEALS

# Wm. Collins share price slides after bid rejection

SHARES in William Collins and Sons (Holding), the Glasgow-based publishing group which is the subject of a £22.75m bid from News International, fell sharply on the London Stock Exchange yesterday.

The price of the ordinary voting shares closed the day 30p lower at 223p. This compares with 200p per share being offered by News, which the directors of Collins yesterday formally rejected. The Collins "A" non-voting shares were down 7p at 148p, compared with a bid price of 150p.

In a letter to shareholders Mr Ian Chapman says he will be writing shortly to explain the reasons why the directors, advised by J. Henry Schroder Wagg and Company, "strongly recommend that you should reject the bid." In the meantime holders are advised to take no action in relation to the offers.

The bid, which has split the Collins family, was made in a surprise move on May 13 after News had already secured 30 per cent of the votes owned by the family and trusts of Mr Jan Collins. He resigned as chairman when the bid was announced. The ordinary shares jumped 38p to 213p that day and have stayed above the bid price since, preventing News from buying in the market.

In the formal offer from News (which is being advised by Guinness Mahon) sent out to shareholders on Wednesday, Mr Rupert Murdoch, chairman, said he recognised that with Collins' share price above the bid, News may well not receive sufficient acceptances for the offers to become unconditional. In that event, he said, News would be content to be Collins largest shareholder.

News revealed yesterday that it had acquired a further 4,000 shares in Collins at 200p cash. This brings its total holding up to 1.29m ordinary shares, equal to 31.39 per cent of the ordinary capital.

Mr Philip Ekberg, a News director, said yesterday that the latest parcel of shares had come from the Collins family. "We keep on picking a few up," he said.

Mr Ekberg said that although it had not been formally stated that the bid would not be increased, it had been indicated that "it was not at the top of our list of priorities." The first closing date of the offer is July 2.

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

**TODAY**

Interims: Chemring, Arthur Guinness.

Finals: British Benzol Carbonising, Brown and Jackson, Eucalyptus Pulp Mills, Grootvlei Proprietary Mines, Marievale Consolidated Mines, Pilkington Brothers, Rowton Hotels, UKO International, WGI.

**FUTURE DATES**

| | |
|---|---|
| Interims:— | |
| Anglia Television | June 24 |
| Crest Nicholson | June 16 |
| Duple International | June 19 |
| Lee (Arthur) | June 23 |
| Nash (J. F.) Securities | June 26 |
| Saatchi and Saatchi | June 16 |
| Trident Television | *June 16 |
| U.S. and General Trust Corpn. | June 25 |
| Watson and Philip | July 9 |
| Finals:— | |
| Baker Perkins | June 25 |
| Davis (Godfrey) | June 15 |
| GEI International | June 23 |
| Scott's Restaurants | June 17 |
| Technology Investment Trust | July 1 |
| Tern-Consulate | June 15 |
| Wedgwood | June 19 |
| Whitecroft | June 22 |
| Wolverhampton Steam Laundry | June 30 |

* Amended.

## Berisford warning to British Sugar

S. and W. Berisford has sent yet another warning to shareholders of British Sugar Corporation ahead of next Monday's closing date for its bid.

Berisford, it warns, would not be interested in remaining as a minority shareholder if its bid lapsed and the Government has already announced that it is a seller. There could, therefore, be as much as 36 per cent of the company for sale which would depress the share price.

# Hestair links up with Nexos

Hestair, the industrial group, has agreed with Nexos—the word processor and computer manufacturer owned by the National Enterprise Board—to open a number of word processing bureaux and distribute Nexos equipment in the main UK metropolitan centres.

Mr David Hargreaves, the Hestair chairman, announced the agreement, together with the board's intention to resume an interim dividend payment this year, at the annual meeting in London yesterday.

The company, he said, had been anxious for some time to develop its interest in the service field and with this agreement it was intended to establish a major operator trading centre.

With its activities ranging from farm equipment through to special vehicles, toys, educational supplies and employment bureaux, the Hestair group had maintained a steady improvement in trading in the first four months of this year, Mr Hargreaves disclosed. Turnover was running about 15 per cent higher despite difficult trading conditions.

Particularly good performances had come from the consumer products division, including Kiddicraft. Farm equipment remained a depressed market but the cost reductions introduced last year had produced much improved figures for the division.

Providing there was no material change in this picture, Mr Hargreaves said the board intended to resume the payment of an interim dividend this year.

In February this year the Government told the National Enterprise Board that it could go ahead with an investment of £40m in Nexos, its office automation subsidiary, reflecting its growing commitments to information technology industries. The previous permitted limit for investment was £15m. The NEB is also seeking a bidder or partner for Nexos, although this is not thought likely until 1982.

Last year the NEB's report showed that the Nexos company lost nearly £10m but it was forecast to make profits within two years by Mr Brian Willott, the NEB's acting chief executive, last month.

"We expect this to be a very valuable agreeemnt," a spokesman for Nexos said last night. He pointed out that the company had two prongs to its sales approach in the UK: one through direct sales and the other through the setting up of dealerships, of which Hestair's is one.

# Brown Shipley drops to £1.54m but holds payout

AFTER-TAX PROFITS of Brown Shipley Holdings dropped from £1.79m to £1.54m for the year ended March 31 1981 with a sharp decline from the banking side offsetting an increase from the group's insurance companies.

Earnings per £1 share were down from 31p to 27p, but as forecast, the dividend total is kept at 13p net with an unchanged final of 7.5p. A one-for-one scrip issue is also proposed.

Banking group profits, after tax and a transfer to inner reserve, fell from £1.25m to £859,000. The pre-tax contribution from the parent company was £73,000 (£127,000), but taxable profits of the insurance group rose from £966,000 to £1.27m. Tax took £661,000 (£551,000).

Dividend cost rose slightly from £724,000 to £734,000.

Realised capital profits in the banking group of £1.08m (£234,000) and a surplus of £8.61m on revaluations of premises were the main factors in an increase in group reserves from £14.54m to £25.06m.

At balance date, group shareholders' funds were ahead from £20.17m to £30.73m. Current, deposit and other accounts, including tax and inner reserve, totalled £220.74m (£206.3m), while acceptances on account of customers rose from £31.19m to £34.5m. Loans, advances and other accounts increased to £88.95m (£82.2m).



# THF increases stake in Savoy

Trusthouse Forte was back in the market buying further shares in the Savoy Hotel group yesterday. So far this week THF has notified purchases of 168,000 A shares and 100 B shares, which together with a small purchase of A shares yesteday takes its share of the total votes up to around 38 per cent.

Sir Charles Forte, executive chairman of THF, said that THF had picked up all the available shares in the market. He estimated that with acceptances to the bid so far received it now had over 41 per cent of the votes.

After the first closing date of the £67m bid acceptances had been received totalling 1.78 per cent of the Savoy votes but the date was extended for a further two weeks. The final closing date is a week today.

Trusthouse Forte has said that in the absence of victory it intends to remain a substantial minority holder in the Savoy.

The Savoy A and B shares were both unchanged at 191p and £11.50 respectively yesterday, which compares with the cash bid prices of 190p and £11.22½p.

### TRUE TEMPER/ MAGUIRE & PATERSON

The recommended cash offer made by True Temper (Ireland) for the ordinary capital of Maguire and Paterson has been accepted in respect of 381,666 shares (43.2 per cent). Wilkinson Sword Group and Bryant and May, associate companies of True Temper who beneficially own 292,941 shares (33.16 per cent) in Maguire and Paterson, have indicated that they will accept the offer in respect of their holdings.

As already announced the offer has been referred by the Minister for Industry to the Examiner of Restrictive Practices.

### CARLTON REAL ESTATES DEAL

Carlton Real Estates has reached an agreement in principle to acquire Rogate, a privately owned property company.

The total consideration for the acquisition is approximately £1.85m, which is the audited net asset value of Rogate as at May 31, 1981, and will be wholly satisfied by the issue to the vendors of new ordinary shares in Carlton Real Estates.

Rogate was established in 1960 to acquire certain shop, office and commercial properties and currently owns a portfolio of investment and trading properties in central London.

The Carlton directors consider that this acquisition provides an "excellent opportunity" to broaden the company's capital base and to balance its own portfolio which is largely provincial.

Furthermore there is considerable scope for enhancing the value of Rogate's properties through refurbishment, an activity in which Carlton specialises.

In 1980 Carlton made a net profit of £85,150 (£52,329) after all charges and tax, on turnover of £1.32m (£694,402). The earnings per share are stated at 1.26p (0.96p) and the declared dividend is 0.5p net (nil) per share.

### STAG FURNITURE

The Stag Furniture group announces that the marketing activities of its west country based subsidiary, Avalon Furniture, are to be merged with those of Meredew Furniture in a rationalisation aimed at improving Avalon's trading performance.

Mr Patrick Radford, chairman, said: "We are confident that this reorganisation will provide the framework necessary for the strengthening of Avalon's position in a sector of the market that will continue to be of importance to the group."

### SHARE STAKES

Brockhouse—Mr R. J. H. Parkes, chairman, has purchased 20,000 shares at 26p.

Conder International — The trustees of the Conder Staff Trust have increased holding from 1,813,100 to 1,895,416 ordinary shares (23 per cent).

Hollis Bros. and ESA—Industrial Equity (Pacific) has purchased 600,000 ordinary shares bringing total holding to 1,325,000 (14.63 per cent).

Phicom—The Scottish American Investment Company has purchased £306,500 8 per cent cumulative convertible redeemable preference stock (11.9 per cent).

# Rothmans Singapore flotation

Rothmans of Pall Mall (Singapore), at present a privately-owned subsidiary of Rothmans of Pall Mall (Malaysia), is expected to be floated on the Singapore Stock Exchaneg before the end of the year. Rothmans (Malaysia) is itself a 50-per-cent-held subsidiary of Rothmans International, the industrial company with principal interests in tobacco, brewing and energy, and is quoted in Singapore and Kuala Lumpur.

The move is a reaction to Malaysian Government directives that all Malaysian-based companies have at least 30 per cent of their ownership in the hands of native Malaysians, or Bumiputras, by 1990.

The flotation of the Singapore company will reduce the net asset value of Rothmans (Malaysia), so shareholders in the Kuala Lumpur company are to be offered shares in Rothmans (Singapore) in direct proportion to their present holdings, the company said yesterday.

The new shares will give shareholders a base in Singapore which will be unaffected by the shift in control of their company in Malaysia.

Trading in Rothmans (Malaysia) shares was suspended in Kuala Lumpur and Singapore yesterday ahead of the announcement. The shares were suspended at 11.40 ringgit (£2.48p) in Kuala Lumpur, compared with the previous close of 10.80 ringgit, while in Singapore they were suspended at $10.30 (£2.46p) against a previous close of $10.00.

### TRANS NATIONAL

The directors of Trans National Trust state that applications totalling US$3.91m have been received as a result of the initial offer.

Applications were allotted in full by the issue of 3,914,696 participating redeemable preference shares which are dealt in on the Unlisted Securities Market.

Trans National originally offered up to 47.5m shares at $1 per share.

## EUROPEAN OPTIONS EXCHANGE

| Series | | Aug. Vol. | Aug. Last | Nov. Vol. | Nov. Last | Feb. Vol. | Feb. Last | Stock |
|---|---|---|---|---|---|---|---|---|
| GOLD C | $450 | 1 | 38 | 5 | 56 | 2 | 80 | $465 |
| GOLD C | $475 | 14 | 21 | 1 | 43 | 4 | 62 | " |
| GOLD C | $500 | 310 | 14 | 3 | 31 | 5 | 49 | " |
| GOLD C | $525 | 12 | 9 | 1 | 19 | — | — | " |
| GOLD C | $550 | 15 | 5 | 1 | 16 | — | — | " |
| GOLD P | $450 | 6 | 10 B | 4 | 12 | — | — | " |
| GOLD P | $475 | 15 | 20 | — | — | — | — | " |
| GOLD P | $525 | 7 | 58 | — | — | — | — | " |
| | | July | | Oct. | | Jan. | | |
| AKZO C | F.20 | 66 | 5.90 | 35 | 7 | — | — | F.26 |
| AKZO C | F.22.50 | 166 | 3.70 | 21 | 4.50 | — | — | " |
| AKZO C | F.25 | 467 | 1.70 | 99 | 2.90 | 55 | 3.80 | " |
| AKZO P | F.22.50 | — | — | 50 | 0.50 | — | — | " |
| AKZO P | F.25 | — | — | 103 | 1 | 150 | 1.30 | " |
| AMRO C | F.55 | 35 | 0.90 B | — | — | — | — | F.53 |
| HEIN C | F.60 | — | — | 23 | 1.90 | — | — | F.55.50 |
| HOOG C | F.17.50 | 32 | 1.50 | — | — | — | — | F.18.10 |
| HOOG C | F.20 | — | — | 64 | 1.50 B | 20 | 2.20 | " |
| KLM C | F.80 | 20 | 42 | — | — | — | — | F.121.60 |
| KLM C | F.90 | 11 | 34 A | — | — | — | — | " |
| KLM C | F.100 | 143 | 22 | — | — | — | — | " |
| KLM C | F.110 | 111 | 14.50 | 41 | 22 | — | — | " |
| KLM C | F.120 | 85 | 9 | — | — | — | — | " |
| KLM C | F.130 | 322 | 5 | 30 | 11 | — | — | " |
| KLM C | F.140 | 231 | 2.80 | 134 | 7.40 | — | — | " |
| KLM C | F.150 | 278 | 1.50 | — | — | 12 | 9 A | " |
| KLM P | F.90 | 11 | 0.60 | — | — | — | — | " |
| KLM P | F.100 | 144 | 1.60 | 18 | 4.30 | — | — | " |
| KLM P | F.110 | 339 | 3.20 | 59 | 7 A | — | — | " |
| KLM P | F.120 | 308 | 7 A | 15 | 12 | — | — | " |
| KLM P | F.130 | 145 | 12.50 | 29 | 19 | — | — | " |
| KLM P | F.140 | 74 | 21 | — | — | — | — | " |
| NATN C | F.120 | — | — | 11 | 3 | — | — | F.111.70 |
| NATN C | F.125 | — | — | 110 | 1.30 | — | — | " |
| NATN C | F.130 | — | — | 40 | 0.80 | — | — | " |
| PHIL C | F.17.50 | — | — | 64 | 7.30 | — | — | F.24.20 |
| PHIL C | F.20 | 65 | 4.50 | — | — | — | — | " |
| PHIL C | F.22.50 | 68 | 2 | 120 | 3 | 92 | 4 | " |
| PHIL C | F.25 | 366 | 0.90 | 350 | 1.80 | 43 | 2.90 | " |
| PHIL C | F.27.50 | 16 | 0.30 | 327 | 0.90 | 71 | 1.70 | " |
| PHIL P | F.22.50 | — | — | 20 | 0.50 | 15 | 0.80 | " |
| RD C | F.90 | 21 | 1.50 | 55 | 3.80 | 29 | 5.70 | F.83.60 |
| RD C | F.95 | 30 | 0.50 | — | — | — | — | " |
| RD C | F.100 | — | — | 15 | 1.60 | 22 | 3 A | " |
| RD P | F.90 | — | — | 12 | 9 B | 12 | 9.70 B | " |
| RD P | F.95 | 57 | 11.20 | — | — | — | — | " |
| RD P | F.100 | — | — | — | — | 15 | 19 | " |
| UNIL C | F.140 | 20 | 7 | — | — | — | — | F.144.20 |
| | | Aug. | | Nov. | | Feb. | | |
| BOEI C | $35 | — | — | 20 | 1⅜ | — | — | $30⅝ |
| BOEI P | $30 | — | — | 20 | 1⅛ | — | — | " |
| BOEI P | $35 | 20 | 4⅝ | — | — | — | — | " |
| BASF C | DM.140 | 20 | 2 | — | — | — | — | DM136.58 |
| MANN C | DM.140 | 42 | 8.50 | — | — | — | — | DM149.20 |
| VW C | DM.160 | 100 | 7.50 | — | — | — | — | DM154.80 |

TOTAL VOLUME IN CONTRACTS 6778

A=Asked B=Bid C=Call P=Put

## LONDON TRADED OPTIONS

June 11 Total Contracts 1434; Calls 688, Puts 736

| Option | Ex'rcise price | July Closing offer | July Vol. | Oct. Closing offer | Oct. Vol. | Jan. Closing offer | Jan. Vol. | Equity close |
|---|---|---|---|---|---|---|---|---|
| BP (c) | 360 | 10 | 49 | 24 | — | 38 | 10 | 352p |
| BP (c) | 390 | 3 | 16 | 12 | 2 | 24 | — | " |
| BP (c) | 420 | 2 | — | 7 | 8 | 16 | 1 | " |
| BP (p) | 330 | 5 | 7 | 10 | 29 | 14 | — | " |
| BP (p) | 360 | 17 | 311 | 24 | 60 | 28 | 8 | " |
| BP (p) | 390 | 37 | 2 | 42 | — | 44 | 72 | " |
| BP (p) | 420 | 66 | 13 | 70 | — | 70 | 2 | " |
| Com. U'n (c) | 180 | 5 | — | 11 | 2 | 15 | — | 165p |
| Cons. Gld (c) | 420 | 65 | — | 78 | 2 | — | — | 471p |
| Cons. Gld (c) | 460 | 32 | 43 | 50 | — | 60 | — | " |
| Cons. Gld (c) | 500 | 12 | — | 27 | 21 | 40 | — | " |
| Cons. Gld (c) | 550 | 3 | — | 12 | — | 25 | 20 | " |
| Court'lds (c) | 60 | 6 | 2 | 12 | 7 | 14 | — | 64p |
| Court'lds (c) | 80 | 1 | — | 3 | — | 4½ | 20 | " |
| GEC (c) | 600 | 80 | 1 | 103 | — | — | — | 671p |
| GEC (c) | 650 | 42 | 1 | 65 | — | 87 | — | " |
| GEC (c) | 700 | 14 | 45 | 35 | — | 57 | — | " |
| Gr'd Met. (c) | 180 | 27 | 3 | 30 | 2 | 38 | — | 205p |
| Gr'd Met. (c) | 200 | 9½ | 1 | 18 | — | 26 | 5 | " |
| Gr'd Met. (c) | 220 | 2½ | 10 | 10 | 25 | 16 | 10 | " |
| ICI (c) | 260 | 19 | — | 31 | 10 | — | — | 274p |
| ICI (c) | 280 | 7 | 21 | 19 | — | 30 | — | " |
| ICI (c) | 300 | 4 | 16 | 12 | 2 | 19 | 1 | " |
| ICI (c) | 330 | 1 | 1 | 6 | 3 | 10 | — | " |
| Land Sec. (c) | 360 | 26 | 3 | 41 | — | 52 | — | 380p |
| Land Sec. (c) | 420 | 3 | 20 | 12 | — | 19 | — | " |
| Mks & Sp (c) | 120 | 8 | 20 | 16 | — | 22 | — | 124p |
| Mks & Sp (c) | 130 | 3½ | 8 | 10½ | — | 16 | — | " |
| Mks & Sp (c) | 140 | 1 | 3 | 6 | — | 9 | 6 | " |
| Shell (c) | 330 | 30 | 7 | 38 | — | 48 | — | 344p |
| Shell (c) | 360 | 11 | — | 20 | 3 | 32 | 1 | " |
| Shell (c) | 390 | 4 | — | 12 | — | 18 | 10 | " |
| Shell (c) | 420 | 3 | 2 | 7 | 11 | 12 | — | " |
| | | August | | November | | February | | |
| Barclays (c) | 390 | 32 | 5 | 42 | — | 55 | — | 411p |
| Barclays (c) | 460 | 2½ | 25 | 11 | — | — | — | " |
| Imperial (c) | 80 | 1½ | 10 | 3½ | — | 5½ | — | 70p |
| Lasmo (c) | 550 | 30 | — | 54 | 11 | 75 | — | 527p |
| Lasmo (c) | 600 | 17 | 3 | 32 | — | 52 | — | " |
| Lasmo (c) | 800 | 2 | 1 | — | — | — | — | " |
| Lonrho (c) | 100 | 3½ | 23 | 5½ | 3 | 9 | 1 | 92p |
| P & O (c) | 140 | 5 | — | 10 | 1 | 12½ | — | 133p |
| Racal (c) | 280 | 79 | 30 | — | — | — | — | 358p |
| Racal (c) | 330 | 31 | 25 | 48 | — | — | — | " |
| Racal (c) | 360 | 12 | 13 | 29 | 10 | 41 | — | " |
| Racal (c) | 390 | 5 | 12 | 16 | 20 | 27 | 23 | " |
| Racal (p) | 360 | 16 | 41 | 20 | — | 24 | — | " |
| Racal (p) | 390 | 35 | 95 | 38 | — | 39 | 96 | " |
| RTZ (c) | 460 | 63 | 2 | 77 | — | — | — | 496p |
| RTZ (c) | 500 | 23 | 15 | 47 | — | 65 | — | " |
| RTZ (c) | 550 | 12 | — | 28 | — | 42 | 1 | " |

C=Call P=Put

## IN BRIEF

DWEK GROUP (manufacturer of PVC sheeting and household goods)—Results for 1980 reported June 9 1981 with chairman's observations on prospects. Group fixed assets £537,905 (£927,463). Net current assets £984,627 (£1,201,962). Shareholders' funds £2,013,289 (£2,209,873). Meeting, Winchester House EC, July 3 at noon.

SELINCOURT (textile and garment manufacturer)—Results for year ended January 31, 1981 and prospects reported May 21. Group shareholders' funds £16.91m (£18.62m). Fixed assets £9.1m (£9.94m). Net current assets £11.63m (£12.7m). Meeting, The White House NW, July 3, 11 am.

ALLIED LEATHER INDUSTRIES—Results for 1980 reported May 29. Shareholders' funds £8.92m (£6.35m). Fixed assets £4.87m (£4.05m). Net current assets £4.02m (£3.76m). Bank balances and cash £949,152 (£87,034) and bank overdrafts nil (£772,753). Meeting, Grosvenor Victoria Hotel, SW, July 6, noon.

SCOTTISH ONTARIO INVESTMENT—Results for year ended March 31, 1981, reported April 28. Listed investments, at market value, in UK £14.88m (£12.93m); abroad £13.43m (£8.23m); unlisted, at directors' valuation, £704,000 (£486,000). Cash on deposit £765,000 (£1.41m). Net current liabilities £652,000 (£707,000). Shareholders' funds £29.04m (£22.27m). Meeting, Edinburgh, July 3, 12.30 pm.

GUARDIAN INVESTMENT TRUST—Results for year to March 31, 1981 reported May 8. Ordinary shareholders' funds £74.42m (£53.75m). Investments £76.75m (£57.36m). Net current assets £1.82m (£0.54m). Meeting, P & O Building, EC, July 2, noon.

PROPERTY AND REVERSIONARY INVESTMENT CORPORATION—Results for year to March 31, 1981, already reported. Shareholders' funds £49.87m (£43.33m). Investment properties £47.76m (£40.57m). Short-term investments £3.3m (£8.89m), other current assets £5.81m (£0.77m). Current liabilities £2.41m (£3.13m); short-term borrowings £2.87m (nil). Chairman is confident of continued growth. Meeting, Albany House, SW, July 10, noon.

# Fairline suffers interim setback

WITH most of the trading deficit accounted for by foreign exchange losses, Fairline Boats has suffered a pre-tax loss of £90,000 for the six months ended March 31, 1981, against a £264,000 profit and the interim dividend is cut from 1.7p to 0.5p net per share.

While trading conditions remain difficult, the directors believe that with the current order book, the new products being developed and the recent rise in the value of the dollar, second-half results will show an improvement over those of the first.

Profits for the 1979/80 year dropped from £771,155 to £313,664.

The company's balance sheet remains strong, the directors say, and further recovery is expected in 1981/82.

Turnover of this boat builder was down from £2.53m to £1.63m, and after a tax credit of £47,000, against a £137,000 charge, the attributable loss came out at £43,000 (£127,000 profit).

In order to help distributors quote firm prices to their customers, the company allowed them to place orders resulting from the autumn shows at guaranteed rates of exchange set at the rates ruling in August 1980, directors state.

Although there were some benefits to raw material costs, resulting from the rise in the value of the pound, these were far outweighed by the foreign exchange losses that were incurred in maintaining export sales volume.

As a result of Fairline's policies the present order book is stronger than it was at this time last year; it has no boats in stock nor are any being built for stock.

The company is, therefore, no longer giving any extra discounts and all new export sales are being made in sterling, with no exchange rate guarantees. This present position, together with the expanded product developments programme, which will give several more completely new boats before the 1982 London Boat Show, has resulted in full-time working in the factory.

# Great Portland Estates up £3m: pays 1p more

TAXABLE REVENUE of Great Portland Estates rose sharply from £7.02m to £10.2m in the 12 months to end-March, 1981, and the net total dividend is being effectively increased by 1p to 5p by a final of 4p, against an adjusted 3.2p.

A further scrip issue on a one-for-five basis is also proposed and the directors say that in the absence of unforeseen circumstances, it is their intention to maintain the increased rate of dividend on the enlarged capital for the current year.

At mid-year, revenue before tax of this London-based property investment company had risen from a restated £3.3m to £4.54m.

Rents receivable for the year improved by £2.36m to £12.45m but the tax charge jumped from £2.93m to £4.66m.

Group net revenue from completed properties rose to £5.54m (£4.19m) but there was no transfer this year in respect of net outgoings attributable to properties in course of development (£101,000) and no charge arose for exceptional repairs on the refurbishment of buildings (£670,000).

Stated earnings per 50p share rose by 1.4p to 6.4p.

During the year the group realised a surplus on the sale of investment properties of £295,000 after gains tax (£320,000). This sum has been transferred to capital reserve and is not included in the group net revenue figure.

# London Sumatra curtails expenditure programmes

REDUCED MARGINS have forced London Sumatra Plantations to curtail 1981 capital expenditure programmes.

As the company, now a subsidiary of Harrisons and Crosfield, is heavily committed to the upkeep of extensive immature areas and the provision of adequate processing facilities, it must cut back on plantings and building programmes, Sir Arthur Hope-Jones, chairman, tells members.

"Economies are also being made under all expenditure headings," he adds.

Capital commitments, as at December 31 last, amounted to £5.88m against £8.3m, and included £4.96m (£7.77m) expenditure which was authorised, but not contracted for.

Rubber production is ahead of target so far, Sir Arthur states, but, after the good results of 1980, palm products, which tend to be cyclical, are disappointing and the company does not expect to recover the shortfall by the year end.

As reported on May 29, pre-tax profits fell from £9.82m to £9.21m for 1980. The dividend is maintained at 8p net with a same-again final of 6p.

Fixed assets amounted to £19.71m (£14.91m), net current assets were £2.88m (£4.88m), and shareholders' funds, £20.95m against £17.52m.

On a CCA basis the taxable surplus is reduced to £7.58m.

Meeting, Winchester House, EC, July 8, at 11.30 am.

# James Burrough rises 13%

Profits of James Burrough, distiller of Beefeater gin and Borzoi vodka, improved in the 12 months to February 28 last, the pre-tax figure emerging at £3.14m, compared with £2.78m—a rise of 13 per cent.

Turnover fell back from £34.89m to £32.42m including duty, but Mr. Alan Burrough, the chairman, points out that had UK duties been excluded turnover would have been higher.

He says profits in the second six months continued the improvement shown in the first half, though at a lower rate—explaining that sales throughout the world had been affected by the strength of sterling and that the company faced increased price competition and an increasing gap between the price of domestic and imported products.

On the outlook, the chairman says the next few months in particular will continue to be difficult but every effort will be made to improve on the results in the current year.

He adds that each of the group's operations possesses considerable strengths and potential for expansion.

A second interim dividend of 4.3p (3.924p) brings the total up to 6.1p net, compared with 5.544p.



# Electra earnings advance

AFTER TAX of £1.97m, against £1.89m, earnings of the Electra Investment Trust moved ahead from £3.83m to £4.12m for the year ended March 31, 1981, equivalent to 2.805p per 25p share, compared with 2.61p.

The dividend is effectively increased by 15 per cent to 2.685p (2.33p) net, with a final payment of 1.585p, which will absorb £3.94m (£3.42m).

Gross revenue for the year totalled £7.4m, against £6.64m, and as at March 31, net assets per share were 73.41p (51.77p).

After-tax revenue at six months was £1.93m (£1.71m).

# Cullen's Stores slips to £0.2m

In the year ended February 28 1981 Cullen's Stores, grocer and wine, spirit and beer merchants, slipped from a pre-tax profit of £555,182 to £201,065. There was a tax credit of £454,344 compared with a charge of £151,674.

The directors have recommended a final dividend of 5.14p (same restated) per 20p share making a total of 6.142p (7.142p).

At the half year stage Cullen's made a pre-tax profit of £132,215 (£143,615).

# Burco Dean cuts loss

IN THE half-year to March 31, 1981, Burco Dean reduced its pre-tax loss from £370,000 to £183,000. Turnover fell from £15.55m to £13.33m.

For the year to end-September, 1980, this manufacturer of domestic electric and gas appliances, kitchen furniture, security systems, die-casts and plastic mouldings made a loss before tax of £1.18m (£1.17m profit) on turnover of £27.04m (£28.51m).

The directors have declared a notional interim dividend of 0.1p net (nil) per 25p share in order to maintain the company's trustee status. No final dividend was paid last year.

The directors say the recovery from the heavy losses of last year has been difficult and further redundancies and short-time working have had to be introduced. Severance payments amounting to £73,000 have been charged against the reported figures.

The kitchen furniture and industrial divisions managed to make modest profits in the six months, but the action taken in the appliance division only enabled it to reduce its losses in the face of fierce price-cutting by competitors. These losses will not be allowed to continue, and further action is being taken.

Bank borrowings have been reduced by some £600,000 since the previous year-end and continue to be firmly controlled.

The second half has started with small pre-tax profits. These have been achieved against a background of thin order books, particularly on consumer durables, and there are no firm signs yet of any general up-turn in this market which is necessary for the company to return to its former levels of profitability.

The profit before tax was struck after interest charges of £269,000 (£241,000). There was again no tax charge.

# Modern Engineers warning

PROFITABILITY of Modern Engineers of Bristol (Holdings) will probably be severely curtailed in the short term, Mr J. O. Adler warns members in his annual statement.

However, he does say that when demand for capital goods returns, cost savings achieved over the past few months should enable this erector of industrial buildings to produce satisfactory results. For 1980, as already reported, the company turned in pre-tax profits of £119,330 (£358,375) on turnover of £9.18m (£8.76m).

# Ariel dives and halves dividend

TAXABLE PROFITS of Ariel Industries, maker of industrial fasteners and light engineering products, slumped from £1.03m to £137,340 for the year ended March 31, 1981, on lower turnover of £7.18m, against £8.51m. At half time, pre-tax surplus had dived from a restated £420,200 to £56,200.

The final dividend is cut from 1.622p to 0.811p net, halving the year's total to 1.352p (2.704p) per share—in February the directors forecast a total of not less than this amount.

Tax took £51 (£3,991) giving a net balance of £137,289, compared with £1.02m. Dividends absorb £81,120 (£162,240).

Stated earnings per 25p share declined from 17.1p to 2.3p.

## REXMORE

Rexmore Holdings, the Liverpool-based fabrics supplier and distributor, should suffer no adverse financial effects as a result of its trade investment Newage Kitchens, a wooden furniture manufacturer, being placed in receivership.

Rexmore held 36 per cent of the equity of Newage when it was placed in receivership on May 27, and had guaranteed loans through the bank totalling £300,000. It seemed unlikely that there would be any call on this guarantee, Mr Robert Handley, a director of Rexmore, said yesterday. Rexmore had already written off its investment.

# Valor falls £1m—payout held

PRE-TAX profits of Valor, heating and cooking appliance manufacturer, fell by £1m in the year ended March 31 1981 to £1.52m, on lower turnover of £48.75m compared with £50.3m.

However the directors recommend a maintained final dividend of 1.891p per 25p share making a same again total of 2.663p.

Mr Michael Montague, chairman, says the unfavourable trading conditions referred to in the interim statement continued for much of the remainder of the year, but was halted by March.

He is more optimistic for the current year:

The demand for Valor products overseas was upset by the pound's high exchange rate with exports down from £3.4m to £2.4m, but Mr Montague believes that all the lost ground can be regained.

During the year the group continued its programme of modernisation with capital expenditure amounting to approximately £2.6m. At the year end the group had cash balances of £3.5m (£2m).

Taxable profit was struck after depreciation of £1.14m (£900,650) and interest charges of £1.28m (£783,105). Tax took £522,230 (£294,479), while the earnings per share are stated at 7.48p (17.55p).

## ● comment

Valor believes that it has already come through its destocking difficulties. The distribution channel was virtually blocked in the early months of last summer, it says, and the immediate effect was to lift working capital requirements to the point where debt financing charges for the full year climbed by £500,000. Its response was to cut about 400 heads off the payroll at an above-the-line cost of over £½m. These factors account for much of the pre-tax shortfall although the higher tax rate is a symptom of a higher overseas liability. The accounts, presumably, will give greater detail of the overseas contribution—notably from South Africa—and the extent to which the maintained dividend is covered by CCA earnings. As it is, the drop forging business at Cradley Heath is the only plant not on a full working week and the group now sees the first signs of recovery throughout the appliance market. The first cash payments from Columbia Gas will mark the initial returns on Valor's energy programme later this year but the overall contribution is likely to be "welcome rather than significant." Year-end stocks are claimed to be below March 1980 levels and, despite the interest payment bubble last year, gearing is also slightly down. The shares dropped 2p yesterday where the historic yield is 6.1 per cent.

# CURRENCIES, MONEY and GOLD

## WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, June 10, 1981. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

| COUNTRY | CURRENCY | VALUE OF DOLLAR |
|---|---|---|
| Afghanistan | Afghani (O) | 44.50 |
| Albania | Lek | 5.136 |
| Algeria | Dinar | 4.1875 |
| Andorra | Fr. Franc | 5.6385 |
| | Sp. Peseta | 94.65 |
| Angola | Kwanza | 27.627 |
| Antigua | E. Caribbean $ | 2.7025 |
| Argentina | Peso | 4315.00 |
| Australia | Dollar | 0.8858 |
| Austria | Schilling | 16.75 |
| Azores | Port. Escudo | 62.90 |
| Bahamas | Dollar | 1.00 |
| Bahrain | Dinar | 0.3769 |
| Balearic Is. | Sp. Peseta | 94.65 |
| Bangladesh | Taka | 14.9348 |
| Barbados | Dollar | 2.01 |
| Belgium | Franc (C) | 38.73 |
| | Franc (F) | 39.45 |
| Belize | Dollar | 2.00 |
| Benin | C.F.A. Franc | 281.925 |
| Bermuda | Dollar | 1.00 |
| Bhutan | Ind. Rupee | 8.58 |
| Bolivia | Peso | 24.75 |
| Botswana | Pula | 0.8302 |
| Brazil | Cruzeiro | 87.92 |
| Brunei | Dollar | 2.1552 |
| Bulgaria | Lev | 0.933 |
| Burma | Kyat | 6.6445 |
| Burundi | Franc | 90.00 |
| Cameroun Rp. | C.F.A. Franc | 281.925 |
| Canada | Dollar | 1.2021 |
| Canary Is. | Sp. Peseta | 94.65 |
| Cape Verde | Escudo | 56.51 |
| Cayman Is | Dollar | 0.835 |
| Cen. Af. Rep. | C.F.A. Franc | 281.925 |
| Chad | C.F.A. Franc | 281.925 |
| Chile | Peso (O) | 39.00 |
| China | Renminbi Yuan | 1.7698 |
| Colombia | Peso (O) | 53.80 |
| Comoros | C.F.A. Franc | 281.925 |
| CongoP'ple.Rep.of | C.F.A. Franc | 281.925 |
| Costa Rica | Colon (O) | 8.60 |
| Costa Rica | Colon | 17.03 |
| Cuba | Peso | 0.7313 |
| Cyprus | Pound* | 2.2553 |
| Czechoslovakia | Koruna (O) | 5.80 |
| Denmark | Krone | 7.4435 |
| Djibouti Rp. of | Franc | 178.15 |
| Dominica | E. Caribbean $ | 2.7025 |
| Domin. Rep. | Peso | 1.00 |
| Ecuador | Sucre | 30.35 |
| Egypt | Pound* | 1.4493 |
| El Salvador | Colon | 2.50 |
| Eq'tl Guinea | Ekuele | 189.30 |
| Ethiopia | Birr (O) | 2.0468 |
| Faeroe Is. | Dan. Krone | 7.4435 |
| Falkland Is. | Pound* | 1.9665 |
| Fiji | Dollar | 0.8475 |
| Finland | Markka | 4.451 |
| France | Franc | 5.6385 |
| Fr. C'ty in Af. | C.F.A. Franc | 281.925 |
| Fr. Guiana | Franc | 5.6385 |
| Fr. Pac. Is. | C.F.P. Franc | 95.6184 |
| Gabon | C.F.A. Franc | 281.925 |
| Gambia | Dalasi | 2.0341 |
| Germany (E) | Ostmark (O) | 2.3685 |
| Germany (W) | Mark | 2.3685 |
| Ghana | Cedi | 2.75 |
| Gibraltar | Pound* | 1.1665 |
| Greece | Drachma | 57.75 |
| Greenland | Dan. Krone | 7.4435 |
| Grenada | E. Caribbean $ | 2.7025 |
| Guadaloupe | Franc | 5.6385 |
| Guam | U.S. $ | 1.00 |
| Guatemala | Quetzal | 1.00 |
| Guinea Bissau | Peso | 38.0945 |
| Guinea Rep. | Syli | 21.3731 |
| Guyana | Dollar | 2.5169 |
| Haiti | Gourde | 5.00 |
| Honduras Rep. | Lempira | 2.00 |
| Hong Kong | Dollar | 6.157 |
| Hungary | Forint | 34.05 |
| Iceland | Krona | 6.527 |
| India | Rupee | 8.56 |
| Indonesia | Rupiah | 629.00 |
| Iran | Rial (O) | 79.95 |
| Iraq | Dinar | 0.2999 |
| Irish Rep | Punt* | 1.5427 |
| Israel | Shekel | 11.31 |
| Italy | Lira | 1182.50 |
| Ivory Coast | C.F.A. Franc | 281.935 |
| Jamaica | Dollar | 1.7834 |
| Japan | Yen | 226.75 |
| Jordan | Dinar | 0.3769 |
| Kampuchea | Riel | n.a. |
| Kenya | Shilling | 8.7877 |
| Kiribati | Aust. Dollar | 0.8838 |
| Korea (Nth) | Won | 0.94 |
| Korea (Sth) | Won | 683.10 |
| Kuwait | Dinar | 0.2805 |
| Lao P'ple D. Rep | Kip | 10.00 |
| Lebanon | Pound | 4.30 |
| Lesotho | Loti | 0.8672 |
| Liberia | Dollar | 1.00 |
| Libya | Dinar | 0.2961 |
| Liechtenst'n. | Sw. Franc | 2.0857 |
| Luxembourg | Lux Franc | 38.73 |
| Macao | Pataca | 5.738 |
| Madagascar D. R. | Franc | 281.925 |
| Madeira | Port. Escudo | 62.90 |
| Malawi | Kwacha | 0.9158 |
| Malaysia | Ringgit | 2.359 |
| Maldive Is. | Rupee | 3.93 |
| Mali Rp. | Franc | 563.85 |
| Malta | Pound* | 2.5773 |
| Martinique | Franc | 5.6385 |
| Mauritania | Ouguiya | 56.385 |
| Mauritius | Rupee | 8.6578 |
| Mexico | Peso | 24.28 |
| Miquelon | Fr. Franc | 5.6385 |
| Monaco | Fr. Franc | 5.6385 |
| Mongolia | Tugrik (O) | 3.3555 |
| Montserrat | E. Caribbean $ | 2.7025 |
| Morocco | Dirham | 5.4736 |
| Mozambique | Metica | 28.8838 |
| Namibia | S.A. Rand | 0.8672 |
| Nauru Is. | Aust. Dollar | 0.8838 |
| Nepal | Rupee | 12.00 |
| Netherlands | Guilder | 2.6352 |
| Neth. Ant'les | Guilder | 1.80 |
| New Zealand | Dollar | 1.1628 |
| Nicaragua | Cordoba | 10.00 |
| Niger Rp. | C.F.A. Franc | 281.925 |
| Nigeria | Naira (O) | 0.6445 |
| Norway | Krone | 5.879 |
| Oman, Sultanate of | Rial | 0.3456 |
| Pakistan | Rupee | 9.72 |
| Panama | Balboa | 1.00 |
| Papua N.G. | Kina | 0.6856 |
| Paraguay | Guarani | 126.00 |
| Peru | Sol | 413.90 |
| Philippines | Peso | 7.795 |
| Pitcairn Is. | N.Z. Dollar | 1.1628 |
| Poland | Zloty (O) | 31.00 |
| Portugal | Escudo | 62.90 |
| Port Timor | Escudo | n.a. |
| Puerto Rico | U.S. $ | 1.00 |
| Qatar | Riyal | 3.6397 |
| Reunion Ile de la | Fr. Franc | 5.6385 |
| Romania | Leu (O) | 4.47 |
| Rwanda | Franc | 92.84 |
| St. Christopher | E. Caribbean $ | 2.7025 |
| St. Helena | Pound* | 1.9665 |
| St. Lucia | E. Caribbean $ | 2.7025 |
| St. Pierre | Fr Franc | 5.6385 |
| St. Vincent | E. Caribbean $ | 2.7025 |
| Samoa (Western) | Tala | 1.012 |
| Samoa (Am.) | U.S. $ | 1.00 |
| San Marino | It. Lira | 1182.50 |
| Sao Tome & Principe DR | Dobra | 39.1767 |
| Saudi Arabia | Riyal | 3.389 |
| Senegal | C.F.A. Franc | 281.925 |
| Seychelles | Rupee | 7.2031 |
| Sierra Leone | Leone | 1.1835 |
| Singapore | Dollar | 2.1553 |
| Solomon Is. | Dollar | 0.885 |
| Somali Rep. | Shilling | 6.295 |
| South Africa | Rand | 0.8672 |
| Spain | Peseta | 94.65 |
| Span. Ports in N. Africa | Sp. Peseta | 94.65 |
| Sri Lanka | Rupee | 18.4085 |
| Sudan Rep. | Pound* (2) | 2.00 |
| Sudan Rep. | Pound* (1) | 1.25 |
| Surinam | Guilder | 1.785 |
| Swaziland | Lilangeni | 0.8672 |
| Sweden | Krone | 5.056 |
| Switzerland | Franc | 2.0857 |
| Syria | Pound | 3.9252 |
| Taiwan | Dollar (O) | 36.47 |
| Tanzania | Shilling | 8.5685 |
| Thailand | Baht | 20.72 |
| Togo Rep. | C.F.A. Franc | 281.925 |
| Tonga Is. | Pa'anga | 0.8838 |
| Trinidad & Tobago | Dollar | 2.4063 |
| Tunisia | Dinar | 0.5176 |
| Turkey | Lira | 104.68 |
| Turks & Caicos | U.S. $ | 1.00 |
| Tuvalu | Aust. Dollar | 0.8838 |
| Uganda | Shilling | 78.00 |
| Utd. A'b. Emir. | Dirham | 3.6719 |
| Utd. Kingdom | Pound Sterling* | 1.9665 |
| Upper Volta | C.F.A. Franc | 281.925 |
| Uruguay | Peso | 10.71 |
| U.S.S.R. | Rouble | 0.7819 |
| Vanuatu | Vatu (5) | 91.1273 |
| Vanuatu | Aust. Dollar | 0.8838 |
| Vatican | It. Lira | 1182.50 |
| Venezuela | Bolivar | 4.2933 |
| Vietnam | Dong (O) | 2.18 |
| Virgin Is. Br. | U.S. $ | 1.00 |
| Virgin Is. U.S. | U.S. $ | 1.00 |
| Yemen | Rial | 4.57 |
| Yemen PDR | Dinar | 0.3415 |
| Yugoslavia | Dinar | 33.3518 |
| Zaire Rp. | Zaire | 3.87 |
| Zambia | Kwacha | 0.8868 |
| Zimbabwe | Dollar | 0.6993 |

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) Costa Rica—Two-tier rate effective 24/4/81.
(5) Vanuatu—100 vatu=6.1875 French francs since 1/1/81. Aust. dlr. being phased out over next two years.
(6) Argentina: 2 June Peso devalued by 30% with a further devaluation during June.
(7) Uganda—Rate quoted by Bank of Uganda on 9 June following devaluation 1 June 1981.



# Dollar improves

The dollar improved in currency markets yesterday reversing a weaker trend stretching back four straight days. The rise was supported by a firmer trend in Euro-dollar deposit rates.

Sterling lost ground quite sharply against the dollar but improved against European currencies. There was no reaction to an unchanged MLR as any move had been largely ruled out by the market.

European currencies were weaker against the dollar but once again showed little change within the European Monetary System. Figures released yesterday showed that intervention by the Bank of France in the foreign exchange market fell to almost nothing in the week ending June 4 compared with an estimated FFr 11bn the previous week and underlined the sharp easing of pressure on the franc after the introduction of currency controls. The D-mark remained the firmest currency and the Belgian franc the weakest.

**DOLLAR** — trade weighted index (Bank of England) rose to 109.2 from 108.5. The dollar resumed its upward trend yesterday closing at DM 2.4040 against the D-mark compared with DM 2.3725 on Wednesday. Against the Swiss franc it rose to SwFr 2.1160 from SwFr 2.0875 and was higher in terms of the yen at Y226.10 against Y225.25. It rose sharply against the French franc to FFr 5.7030 from FFr 5.6225.

**STERLING** — trade weighted index (Bank of England) fell to 94.8 from 95.0, having stood at 94.7 at noon and 95.3 in the morning. Sterling opened at $1.9600-$1.9610 against the dollar and touched a low of $1.9410 around mid-morning before recovering to $1.9475 by noon. During the afternoon it traded around the $1.95 level and finished at $1.9495-1.9505, a fall of 2.15c. Against the D-mark it rose to DM 4.69 from DM 4.6750 and SwFr 4.1275 compared with SwFr 4.1150. It was higher against the French franc at FFr 11.12 from FFr 11.0850 but fell against the yen to Y441 from Y444½.

**D-MARK**—Strongest member of the European Monetary System but very weak against the dollar, affected principally by the continuing high level of U.S. interest rates. The D-mark has also been depressed by tension in Poland—The D-mark lost ground against the dollar at yesterday's fixing in Frankfurt. The dollar rose to DM 2.3980 from DM 2.3700 on Wednesday and there was no intervention by the Bundesbank although the latter may have been active in a small way earlier in the day selling dollars. Euro-dollar interest rates remained firm helping to underpin the U.S. unit. Tension surrounding Kuwait's call for a U.S. oil embargo was diffused by the suspension of shipment to Israel of four jet fighters and this too was beneficial for the dollar. Elsewhere the D-mark was mostly weaker. Sterling rose to DM 4.6680 from DM 4.6550 and the French franc was higher at DM 42.11 per FFr 100 compared with DM 42.065. The Swiss franc lost ground to DM 1.1346 from DM 1.1353.

**JAPANESE YEN** — Slightly weaker against the dollar but showing less movement than other currencies thanks to Japan's strong economic performance—The yen was firmer against the U.S. dollar in Tokyo yesterday. The dollar closed at Y225.25 down from Y227.35 on Wednesday. It opened at Y236.10 and fell to Y225.10 just before the close. Sellers of dollars had held off during the morning but entered the market during the afternoon, pushing the dollar weaker.

## THE POUND SPOT AND FORWARD

| June 11 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 1.9410-1.9640 | 1.9495-1.9505 | 1.10-1.20c dis | −7.08 | 2.60-2.70dis | −5.43 |
| Canada | 2.3420-2.3670 | 2.3505-2.3515 | 1.50-1.60c dis | −7.91 | 3.95-4.10dis | −6.85 |
| Nethlnd. | 5.18-5.24 | 5.21-5.22 | par-½c dis | −0.57 | ⅞-⅜ pm | 0.48 |
| Belgium | 76.10-76.80 | 76.40-76.50 | 30-40c dis | −5.49 | 75-85 dis | −4.18 |
| Denmark | 14.65-14.77 | 14.71-14.72 | 5⅞-7⅞ore dis | −5.35 | 12½-14½ dis | −3.67 |
| Ireland | 1.2735-1.2890 | 1.2825-1.2835 | 0.35-0.46p dis | −3.79 | 0.99-1.22dis | −3.44 |
| W. Ger. | 4.65-4.71 | 4.68½-4.69½ | par-½pf dis | −0.64 | ¼ pm-¼ dis | −0.21 |
| Portugal | 122.50-123.50 | 123.00-123.20 | 65-135c dis | −9.75 | 150-320 dis | −7.64 |
| Spain | 185.25-186.50 | 186.30-186.50 | 130-160c dis | −9.33 | 320-375 dis | −7.46 |
| Italy | 2,322-2,340 | 2,329-2,331 | 24-26 lire dis | −12.87 | 66½-69½dis | −11.67 |
| Norway | 11.57-11.66 | 11.59-11.60 | ⅞-2⅞ore dis | −1.81 | 1½-3¼ dis | −0.60 |
| France | 11.05-11.16 | 11.11½-11.12½ | 13-14c dis | −14.57 | 30-32 dis | −11.15 |
| Sweden | 9.89-9.97 | 9.92-9.93 | 3-4ore dis | −4.23 | 7¼-8¼ dis | −3.12 |
| Japan | 435-445 | 440½-441½ | 1.70-1.40y pm | 4.22 | 5.40-5.00 pm | 4.72 |
| Austria | 32.95-33.30 | 33.05-33.10 | 3gro pm-3 dis | — | 7 pm-4 dis | 0.18 |
| Switz. | 4.09-4.14 | 4.12¾-4.13¾ | 1¼-¾c pm | 2.18 | 3-2 pm | 2.42 |

Belgian rate is for convertible francs. Financial franc 77.60-77.70. Six-month forward dollar 3.70-3.80c dis, 12-month 4.95-5.15c dis.

## THE DOLLAR SPOT AND FORWARD

| June 11 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.9410-1.9640 | 1.9495-1.9505 | 1.10-1.20c dis | −7.08 | 2.60-2.70dis | −5.43 |
| Ireland† | 1.5190-1.5280 | 1.5190-1.5220 | 0.35-0.45c dis | −3.14 | 0.65-0.85dis | −1.95 |
| Canada | 1.2025-1.2070 | 1.2052-1.2055 | 0.18-0.22c dis | −1.99 | 0.50-0.55dis | −1.74 |
| Nethlnd. | 2.6630-2.6740 | 2.6700-2.6730 | 1.53-1.43c pm | 6.66 | 3.85-3.75 pm | 5.70 |
| Belgium | 39.14-39.23 | 39.21-39.23 | 7-5c pm | 1.84 | 12-8 pm | 1.02 |
| Denmark | 7.5240-7.5550 | 7.5400-7.5425 | 1-½ore pm | 1.39 | 3-2½ pm | 1.46 |
| W. Ger. | 2.3800-2.4075 | 2.4035-2.4045 | 1.25-1.19pf pm | 6.09 | 3.06-3.00 pm | 5.04 |
| Portugal | 63.05-63.45 | 63.05-63.25 | par-30c dis | −2.84 | par-80 dis | −2.53 |
| Spain | 95.48-95.68 | 95.55-95.60 | 20-30c dis | −3.14 | 70-90 dis | −3.35 |
| Italy | 1,192-1,195¼ | 1,194-1,195 | 4¾-6½ lire dis | −5.15 | 16-18 dis | −5.69 |
| Norway | 5.9420-5.9600 | 5.9500-5.9530 | 2.70-2.20ore pm | 4.94 | 6.65-6.15 pm | 4.30 |
| France | 5.6800-5.7055 | 5.7005-5.7055 | 3½-4½c dis | −8.43 | 8¾-9¾ dis | −6.15 |
| Sweden | 5.0835-5.1050 | 5.0950-5.0970 | 1.10-0.90ore pm | 2.35 | 2.50-2.30 pm | 1.88 |
| Japan | 225.25-226.60 | 226.05-226.15 | 2.20-2.15y pm | 11.54 | 5.80-5.65 pm | 10.13 |
| Austria | 16.93-16.97 | 16.94-16.95 | 10.30-8.80gro pm | 6.76 | 24.50-20.50pm | 5.31 |
| Switz. | 2.0970-2.1170 | 2.1155-2.1165 | 1.59-1.49c pm | 8.73 | 3.97-3.87 pm | 7.41 |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

## CURRENCY MOVEMENTS

| June 11 | Bank of England Index | Morgan Guaranty Changes% |
|---|---|---|
| Sterling | 94.8 | −29.7 |
| U.S. dollar | 109.2 | +2.7 |
| Canadian dollar | 87.8 | −17.4 |
| Austrian schilling | 111.1 | +21.4 |
| Belgian franc | 105.3 | +9.0 |
| Danish kroner | 85.6 | −11.6 |
| Deutsche mark | 116.4 | +38.0 |
| Swiss franc | 133.5 | +79.1 |
| Guilder | 108.2 | +13.9 |
| French frank | 82.9 | −11.5 |
| Lira | 57.4 | −55.7 |
| Yen | 142.8 | +37.2 |

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

## CURRENCY RATES

| June 10 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | 12 | 0.567535 | 0.542833 |
| U.S. $ | 14 | 1.15480 | 1.06395 |
| Canadian $ | 19.10 | 1.38853 | 1.27898 |
| Austria Sch. | 6¾ | 19.3510 | 17.8318 |
| Belgian F. | 13 | 44.7918 | 41.3346 |
| Danish K. | 11 | 8.60037 | 7.94666 |
| D mark | 7½ | 2.73688 | 2.52848 |
| Guilder | 9 | 3.04985 | 2.81469 |
| French Fr. | 9½ | 6.51654 | 6.01718 |
| Lira | 19 | 1366.13 | 1259.19 |
| Yen | 6¼ | 262.717 | 241.432 |
| Norwgn. Kr. | 9 | 6.79158 | 6.26934 |
| Spanish Pts. | 8 | 109.391 | 100.810 |
| Swedish Kr. | 12 | 5.84213 | 5.38307 |
| Swiss Fr. | 5 | 2.41099 | 2.22600 |
| Greek Dr'ch. | 20½ | — | 61.4326 |

## OTHER CURRENCIES

| June 11 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso | 8464-8474 | 4336-4346 | Austria | 32.70-33.05 |
| Australia Dollar | 1.7185-1.7225 | 0.8830-0.8835 | Belgium | 77.00-77.80 |
| Brazil Cruzeiro | 170.94-171.94 | 87.70-88.14 | Denmark | 14.60-14.75 |
| Finland Markka | 8.730-8.743 | 4.4780-4.4800 | France | 11.02-11.12 |
| Greek Drachma | 111.860-114.588 | 58.35-58.55 | Germany | 4.65-4.70 |
| Hong Kong Dollar | 10.79-10.81 | 5.5360-5.5390 | Italy | 2280-2330 |
| Iran Rial | 156.50* | 79.75* | Japan | 440-446 |
| Kuwait Dinar (KD) | 0.545-0.551 | 0.2804-0.2807 | Netherlands | 5.17½-5.20½ |
| Luxembourg Frc. | 76.40-76.50 | 39.21-39.23 | Norway | 11.53-11.65 |
| Malaysia Dollar | 4.6025-4.6125 | 2.3605-2.3625 | Portugal | 119-122 |
| New Zealand Dlr | 2.2770-2.2820 | 1.1695-1.1705 | Spain | 178¾-190½ |
| Saudi Arab. Riyal | 6.62-6.68 | 3.4010-3.4030 | Sweden | 9.86-9.96 |
| Singapore Dollar | 4.2025-4.2125 | 2.1550-2.1570 | Switzerland | 4.09-4.13 |
| Sth African Rand | 1.6955-1.6965 | 0.8695-0.8700 | United States | 1.93½-1.95 |
| U.A.E. Dirham | 7.15-7.21 | 3.6715-3.6740 | Yugoslavia | 73-83 |

Rate given for Argentina is free rate. * Selling rate.

## EMS EUROPEAN CURRENCY UNIT RATES

| | ECU central rates | Currency amounts against ECU June 11 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 40.7985 | 41.3507 | +1.35 | +1.35 | ±1.5361 |
| Danish Krone | 7.91917 | 7.95860 | +0.50 | +0.50 | ±1.6413 |
| German D-Mark | 2.54502 | 2.53089 | −0.56 | −0.56 | ±1.1386 |
| French Franc | 5.99526 | 6.01067 | +0.26 | +0.26 | ±1.3638 |
| Dutch Guilder | 2.81318 | 2.81498 | +0.06 | +0.06 | ±1.5159 |
| Irish Punt | 0.685145 | 0.692865 | +1.14 | +1.14 | ±1.6688 |
| Italian Lira | 1262.92 | 1261.48 | −0.11 | −0.11 | ±4.1116 |

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

## EXCHANGE CROSS RATES

| June 11 | Pound Sterling | U.S. Dollar | Deutschem'k | Japan'se Yen | French Franc | Swiss Franc | Dutch Guild' | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 1.950 | 4.690 | 441.0 | 11.12 | 4.128 | 5.215 | 2330. | 2.351 | 76.45 |
| U.S. Dollar | 0.513 | 1. | 2.405 | 226.2 | 5.703 | 2.117 | 2.674 | 1195. | 1.206 | 39.21 |
| Deutschemark | 0.213 | 0.416 | 1. | 94.03 | 2.371 | 0.880 | 1.112 | 496.8 | 0.501 | 16.30 |
| Japanese Yen 1,000 | 2.268 | 4.422 | 10.63 | 1000. | 25.22 | 9.359 | 11.83 | 5283. | 5.331 | 173.4 |
| French Franc 10 | 0.899 | 1.754 | 4.218 | 396.6 | 10. | 3.712 | 4.690 | 2095. | 2.114 | 68.75 |
| Swiss Franc | 0.242 | 0.472 | 1.136 | 106.8 | 2.694 | 1. | 1.263 | 564.5 | 0.570 | 18.52 |
| Dutch Guilder | 0.192 | 0.374 | 0.899 | 84.56 | 2.132 | 0.791 | 1. | 446.8 | 0.451 | 14.66 |
| Italian Lira 1,000 | 0.429 | 0.837 | 2.013 | 189.3 | 4.773 | 1.771 | 2.238 | 1000. | 1.009 | 32.81 |
| Canadian Dollar | 0.425 | 0.829 | 1.995 | 187.6 | 4.730 | 1.756 | 2.218 | 991.1 | 1. | 32.52 |
| Belgian Franc 100 | 1.308 | 2.551 | 6.135 | 576.8 | 14.55 | 5.399 | 6.821 | 3048. | 3.075 | 100. |

## FT LONDON INTERBANK FIXING (11.00 a.m. JUNE 11)

| 3 months U.S. dollars | | 6 months U.S. dollars | |
|---|---|---|---|
| bid 17 5/8 | offer 17 3/4 | bid 16 7/8 | offer 17 |

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

## EURO-CURRENCY INTEREST RATES (Market closing Rates)

| June 11 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | West German Mark | French Franc | Italian Lira | Belgian Franc Convertible | Japanese Yen |
|---|---|---|---|---|---|---|---|---|---|---|
| Short term | 10¾-11 | 18¼-18½ | 18¾-19¼ | 11-11¼ | 3-3½ | 11-11¼ | 20-22 | 19-21 | 13-15 | 5¾-6¼ |
| 7 days' notice | 10½-11 | 18½-18¾ | 18¾-19¼ | 11⅜-11⅝ | 3¾-4 | 11⅜-11⅝ | 22-24 | 22-24½ | 13-15 | 6⅜-6⅝ |
| Month | 11⅝-11⅞ | 18¼-18½ | 18¾-19⅛ | 11⅛-11⅜ | 9¼-9⅝ | 12¼-12⅝ | 24½-26½ | 24-25 | 16¼-16¾ | 6⅞-7⅛ |
| Three months | 12⅛-12⅜ | 17⅛-17⅜ | 18⅝-19 | 11⅞-12⅛ | 9⅞-10 | 12⅝-12⅞ | 22½-24 | 23½-24½ | 16¼-16¾ | 7⅜-7⅝ |
| Six months | 13⅛-13¼ | 16⅞-17⅛ | 17⅞-18¼ | 11⅞-12⅛ | 10-10⅛ | 12⅝-12⅞ | 21-22 | 23½-24½ | 16-16½ | 7⅝-7⅞ |
| One Year | 13⅜-13⅝ | 16⅛-16⅜ | 17-17⅜ | 11⅞-12⅛ | 9⅛-9⅜ | 12⅛-12⅜ | 19-20 | 22½-23½ | 15¾-16¼ | 8-8¼ |

SDR linked deposits: one-month 15¾-16 per cent three-months 15¼-15⅝ per cent: six-months 14⅞-15⅛ per cent: one-year 14⅛-14⅜ per cent.
ECU linked deposits: one-month 15¾-16⅛ per cent; three-months 15⅛-15⅜ per cent six-months 15¼-15⅝ per cent: one-year 14⅞-15¼ per cent.
Asian $ (closing rates in Singapore): one-month 18¼-18⅝ per cent: three-months 17⅜-17⅝ per cent: six-months 16⅝-16⅞ per cent; one-year 15¾-15⅞ per cent.
Long-term Eurodollar two years 15¾-16 per cent: three-years 15¾-16 per cent; four-year 15⅝-15⅞ per cent: five-years 15½-15¾ per cent: nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.
The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.15-18.25 per cent: three-months 17.15-17.25 per cent: six-months 16.35-16.45 per cent: one-year 16.00-16.10 per cent.

## INTERNATIONAL MONEY MARKET

# European rates ease

Interest rates were mostly weaker in Europe yesterday. Call money in Frankfurt was quoted at 11.85-11.95 per cent compared with 11.90-12.00 per cent on Wednesday and a special Lombard rate of 12 per cent. Longer-term money rates in Paris were also lower although call money remained steady at 20 per cent unchanged since May 22 when rates rose sharply to defend the franc.

In Stockholm the Swedish central bank cut the penalty rate on bank borrowing to 15 per cent from 16 per cent. The rate is applied to loans made over and above each bank's specified quota from the central bank. The discount rate was left unchanged at 12 per cent.

In Zurich the National Bank announced the issue of a further series of three-month money market paper. The new issue is worth about SwFr 200m and the bills will be taken up between June 12 and June 16. The previous series yielded just under 9 per cent.

In Amsterdam call money fell to 10¼-10½ per cent from 11¼-11½ per cent and one-month money was easier at 11⅛-11¼ per cent compared with 11¾-12 per cent. Longer term rates were also down. The result of the latest five-year Treasury bill tender was announced yesterday. Bills priced at par raised a total Fl 450m at 11.25 per cent with payment due today.

## UK MONEY MARKET

# Moderate assistance

**Bank of England Minimum Lending Rate 12 per cent (from March 10 1981)**

Day-to-day credit was in short supply in the London money market yesterday and the authorities gave help on a moderate scale by arranging a sale and repurchase agreement involving a moderate amount of bills. One of the factors behind the shortage was a small excess of revenue transfers to the Exchequer over Government disbursements. There was also a small number of eligible bills maturing in official hands and banks brought forward balances a small way below target. There were no appreciable factors in the market's favour. Discount houses were paying 10½-11½ per cent for secured call loans at the start with later balances taken mostly at 11¼-11½ per cent.

In the interbank market overnight loans opened at 9-9½ per cent and had risen to 10-10½ per cent before touching 11-11½ per cent on the forecast. Rates reached a peak of 13-14 per cent after lunch and fluctuated between 11½ per cent and 13 per cent before finishing at 13 per cent.

## GOLD

# Quiet trading

Gold showed no change from Wednesday's closing level in the London bullion market yesterday and finished at $464-467. The metal opened at $463-466 and was fixed at $464.25 at both the morning fixing and afternoon fixing. Trading was extremely dull with no new factors to influence the market.

In Paris the 12½-kilo bar was fixed at FFr 96,700 per kilo ($528.36 per ounce) in the afternoon compared with FFr 95,100 ($520.30) in the morning and FFr 95,100 ($524.17) on Wednesday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 35,850 per kilo ($465.49 per ounce) against DM 35,240 ($462.49) previously and closed at $463-466 compared with $464.467.

In Zurich gold finished at $463-466 against $464-467.

## GOLD

| | June 11 | | June 10 | |
|---|---|---|---|---|
| **Gold Bullion (fine ounce)** | | | | |
| Close | $464-467 | (£237¾-239¼) | $464-467 | (£236-237½) |
| Opening | $463-466 | (£237½-239) | $464-467 | (£235¾-237¼) |
| Morning fixing | $464.25 | (£238.199) | $463.25 | (£235.751) |
| Afternoon fixing | $464.25 | (£238.016) | $465.25 | (£236.684) |
| **Gold Coins** | | | | |
| Krugerrand | $478-479 | (£245¼-245¾) | $479-480 | (£243½-244) |
| 1/2 Krugerrand | $246½-247½ | (£126½-127) | $247-248 | (£125½-126) |
| 1/4 Krugerrand | $125½-126½ | (£64¼-64¾) | $126-127 | (£64-64½) |
| 1/10 Krugerrand | $51½-52½ | (£26½-27) | $51½-52½ | (£26-26½) |
| Mapleleaf | $469-471 | (£240½-241½) | $470-472 | (£239-240) |
| New Sovereigns | $116¼-117 | (£59½-60) | $116½-117¼ | (£59¼-59¾) |
| King Sovereigns | $127-129 | (£65-66) | $127-129 | (£64½-65½) |
| Victoria Sovs. | $127-129 | (£65-66) | $127-129 | (£64½-65½) |
| French 20s | $122-128 | (£62½-65½) | $120-125 | (£61-63½) |
| 50 pesos Mexico | $575-581 | (£295-298) | $576-583 | (£293-296½) |
| 100 Cor. Austria | $446-451 | (£228¾-231¼) | $446-452 | (£226¾-230) |
| $20 Eagles | $576-581 | (£295½-298) | $578-583 | (£294-296) |

## MONEY RATES

**NEW YORK**

| | |
|---|---|
| Prime Rate | 19½-20 |
| Fed. Fund | 18⅝-18⅞ |
| Treasury Bills (13-week) | 14.74 |
| Treasury Bills (26-week) | 14.03 |

**GERMANY**

| | |
|---|---|
| Special Lombard | 12.00 |
| Overnight Rate | 11.90 |
| One month | 12.85 |
| Three months | 13.25 |
| Six months | 13.275 |

**FRANCE**

| | |
|---|---|
| Intervention Rate | 22 |
| Overnight Rate | 20 |
| One month | 19.625 |
| Three months | 19.5 |
| Six months | 17.875 |

**JAPAN**

| | |
|---|---|
| Discount Rate | 6.25 |
| Call (Unconditional) | 7.1875 |
| Bill Discount (three month) | 7.46875 |

## LONDON MONEY RATES

| June 11 1981 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount Market Deposits | Treasury Bills ♦ | Eligible Bank Bills ♦ | Fine Trade Bills ♦ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 9-14 | 11-11⅛ | — | — | 11⅛ | 9-11⅛ | — | — | — |
| 2 days notice | — | — | 11-11¼ | — | — | — | — | — | — | — |
| 7 days or... | — | — | — | — | — | — | — | — | — | — |
| 7 days notice | — | 10⅛-11⅞ | 11¼-11⅛ | — | 11⅞ | 12 | 10⅛-11¼ | — | — | — |
| One month | 11⅞-11⅝ | 11⅝-11⅞ | 11⅝ | 13-12⅞ | 12 | 12¼ | 11⅝ | 11¾-12 | 11¾ | 12⅜ |
| Two months | 12⅛-12¼ | 12¼-12⅝ | — | 13¼-13 | 12¾ | 12⅝ | 11⅞-11¾ | 12-12⅛ | 12⅛ | 12⅝ |
| Three months | 12⅞-12½ | 12¾-12⅞ | 12⅞-12¾ | 13⅛-13 | 13 | 13¼ | 12 | 12⅛-12¼ | 12¾ | 12¾ |
| Six months | 12¾-12¾ | 12⅞-13 | 12⅞-13 | 13⅝-13⅛ | 13¼ | 13⅝ | — | — | 12¾-12¼ | 12⅞ |
| Nine months | 13-12¾ | 13⅛-13¼ | — | 13⅝-13¼ | 13⅞ | 13½ | — | — | — | — |
| One year | 13⅛-13⅛ | 13¼-13⅝ | 13⅝ | 13⅝-13¼ | 13⅞ | 13¾ | — | — | — | — |
| Two years | — | — | 13½-13⅝ | — | — | — | — | — | — | — |

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13¾-13⅞ per cent: four years 13⅞-14 per cent, five years 13⅞-14⅛ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅜-12¼ per cent four-months trade bills 12⅞ per cent.

Approximate selling rate for one-month Treasury bills 11½-11⅞ per cent: two-months 12 per cent; three-months ... per cent. Approximate selling rate for one-month bills 11⅞ per cent two-months 11⅞ per cent: three-months 12... one-month trade bills 12⅞ per cent: two-months 12⅞ per cent and three-months 12⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12½ per cent from ... Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending ... Treasury Bills: Average tender rates of discount 12.4376 per cent.

**David Fishlock,** Science Editor, reports on Britain's first design for a Navy nuclear reactor

# New design for submarine reactors

NEAR DOUNREAY in the far north of Scotland, on ground for which the Keith and Gunn clans once fought, the British Navy is building a new pressurised water reactor. PWR2 is scheduled to come into service in 1985-86, replacing one the Navy has operated at this outpost since 1965.

The Navy's PWR2 project is expected to cost well over £100m. Like Sizewell B, the first commercial PWR planned in Britain, PWR2 will be the forerunner for a series of reactors. The Navy one will be for the next generation of British nuclear submarines, both Trident and hunter-killer. Unlike Sizewell B, however, the submarine's nuclear steam raising plant is being designed from scratch in Britain. It is the first time the Navy has attempted this task. Already it has reached the stage of final design of the reactor against known requirements for power, life, shock resistance and cost.

The Navy is adopting assembly techniques the National Nuclear Corporation can only envy. The plan is to build this reactor in a single 1,600-tonne assembly on a slipway of the former Vickers yard of British Shipbuilders at Barrow, and float it to Dounreay.

The reactor assembly, complete with steam generators and turbo-generators, will be assembled on an 800-tonne barge. The Dutch salvage company, Smit International Transport, will then use its 24,000-tonne seagoing barge Giant to bear the smaller barge and its nuclear steam supply system (NSSS), complete except for its fuel, by sea to Dounreay. To move its 2,400-tonne load on and off the big vessel the Dutch contractor proposes to use its own techniques based on air cushions *contained in enormous "sausage skins" of plastic.*

Its final destination will be the Vulcan Nuclear Test Establishment formerly HMS Vulcan (named, some say, after the lame god who never went to war). The present test facility at this establishment is half a nuclear submarine — the aft end — including a complete NSSS.

It has been used as the test bed for two major developments of the U.S. Westinghouse S5W Navy reactor design obtained by the Navy from the U.S. Government in 1959. The latest of these developments, a reactor core with a significantly longer life than present submarine cores, goes into HMS Trafalgar, first of the new series of hunter-killer submarines, this summer. Trafalgar will be the 17th British nuclear submarine fitted with a reactor based on the S5W design.

But the Navy engineers in the Ship Department at Bath, and the defence contractor Rolls-Royce and Associates—the consortium which develops and builds the Navy's reactors — recognised in the late-1960s that there would be a limit to the development potential of the S5W reactor. Moreover, under the terms of the original agreement neither party has been privy to any new U.S. Navy reactor technology since 1959.

The aim is to develop a standard reactor for the 1990s and beyond, suitable both for ballistic missile and fleet submarines, and capable of considerable further development. The broad objectives are that the new reactor should produce more power to propel bigger or faster vessels, yet should transmit less vibration to the hull, and so give less warning of its presence to the enemy. It should also have a still longer life between *refuelling than the* cores used today. Above all, it should meet new standards of public safety, of the same order as is expected from civil PWRs in Britain.

The new PWR will be safer "by a very large margin" than those at sea today, claims a senior Navy engineer. "But that doesn't make the older ones unsafe." He points out that current nuclear safety philosophies requires the elimination of virtually any flaw that can be detected. In other words, for critical components, such as the pressure vessel, the limits of flaw-detection technology itself *is determining* what is or is not permissible.

As with the pressure vessel for Sizewell B in Suffolk, that for the new Navy reactor will be forged in steel, where those used today are welded from rolled steel plate. It calls for a pressure vessel weighing about 75 tonnes. At the time when the new pressure vessel for Vulcan was being ordered no British company could forge a vessel to meet the Ship Department's specification. So the Navy's first order has gone to Creusot-Loire the French steelmaker which makes the vessels for France's PWR stations and its submarines.

Otherwise, the main contractors for Rolls-Royce and Associates will fulfil their established roles in providing components for the new PWR. British Shipbuilders is making the core barrel of stainless steel and the emergency cooler, and will assemble the NSSS. Foster Wheeler is making the steam generators and pressuriser; Babcock Power is providing the pressure vessel assembly, including the reactor "internals." Rolls-Royce itself is making the fuel core and its associated reactor control systems. The Navy estimates that it has already spent 20 per cent of the cash allocated to its four-year programme of procurement and manufacture for PWR2.

Rolls-Royce and Associates is a company dedicated to the development, design and procurement of Navy reactors, and their in-service support. It has supplied the Navy with 19 reactors—including the rebuilding of Vulcan in 1972—based on the S5W design, and has two more under construction. It has also provided a total of 37 cores for these reactors. The company enjoys a high reputation with the Ship Department for *sticking to schedule.*

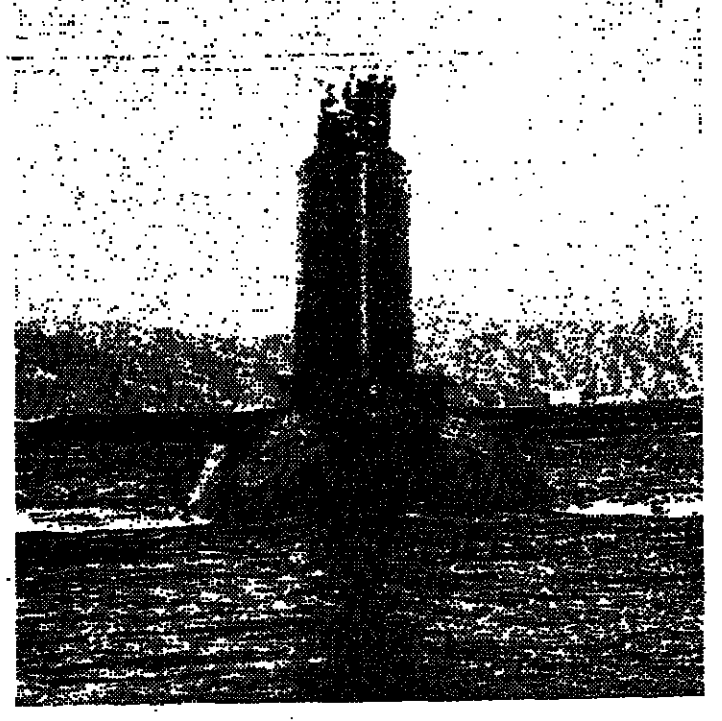
The company also runs the Vulcan Nuclear Test Establishment for the Navy. It is the only private company in Britain *running a nuclear reactor.* Here, in a bright yellow building already being erected, the first of its new NSSS's will be rolled into place late in 1984.

The economic case for shipyard rather than site assembly is very strong, says the Navy. It also believes that it will find it far easier to maintain nuclear standards of quality control and quality assurance *in this way.*

The complete PWR2 facility will be smaller than the present half-a-submarine, which has served for both training nuclear submariners as well as for reactor development. The reactor and its associated steam system will be sealed inside about 100 ft of submarine pressure hull, sealed off at each end to form a complete pressure containment. Beyond the 25 ft of radiation shielding surrounding the reactor compartment, radiation levels will be "no worse than these prvailing in Aberdeen," claims the Navy.

The Navy delegates design authority for all submarine reactors "from cradle to grave" to Rolls-Royce and Associates. The first British reactor to go to its grave will be the present reactor at Vulcan, now running flat out to drain the last drop of energy from its latest core, fitted in 1977. In 1987 Rolls-Royce and Associates plans to begin the task of dismantling this reactor and to cut up a steel pressure vessel which has been in service for more than two decades, to see what damage—if any—radiation has done. Before that happens, however, the Navy has plans to carry out a series of loss-of-coolant experiments in support of its safety case.

The public obviously has an intimate interest in naval PWR safety when the submarine is in port with its reactor steaming. *The public watchdog here* is the Nuclear Powered Warships Safety Committee, a top-ranking defence committee which advises the Cabinet. With the commissioning of the new £50m Navy facility for servicing nuclear submarines near Plymouth, where several boats may be in port together, this committee has begun to address itself more directly to questions of public reassurance about PWR safety.



**THE ROYAL** Navy of the future—the current defence review permitting—will be predominantly a nuclear navy. The Navy has been commissioning nuclear-powered submarines — both Polaris and fleet—at the rate of roughly one each year since HMS Dreadnought was launched in 1963.

HMS Trafalgar, first of a new class of fleet (hunter-killer) submarines, quieter and equipped with more sensitive sonars, will be the 17th, this summer. It has a new *third-generation reactor core.* Two more Trafalgar-class submarines, at £175m apiece, have already been ordered, and more are planned.

*The Rev G. W. Garrett* invented the submarine torpedo boat in 1880. The British invention was powered by coalfired boiler and sported a *retractable smoke-stack.*

The U.S. invented the nuclear-powered submarine, needing no oxygen to fuel its engine *and discharging no emissions* to betray its presence. The U.S. Navy allocated $2,000 for preliminary studies of a submarine reactor in March 1939.

The man who turned Garrett's submersible boat into a true submarine powered by steam was Admiral Hyman G. Rickover, a U.S. Navy engineer. As Captain Rickover, he fought a bitter post-war battle to win the U.S. Navy's acceptance of nuclear power, *driven by a* dream of an engine whose undersea endurance would outlast that of any crew.

Nearly 30 years and well *over 100 nuclear submarines* later, Admiral Rickover, now 82, is still in charge of U.S. naval reactors.

In 1959 the U.S. Govern*ment offered Britain a single* submarine reactor and the manufacturing technology associated with that design. This was the Westinghouse *S5W reactor, which went into* Dreadnought. Admiral Rickover personally chose Rolls-Royce to manage what then—and still—is *one of the most exacting engineering projects* ever devised.

A story which dates from the early days of Britain's association with Admiral Rickover tells how he first met Lord Ives, the great-aero-engine designer, then chairman of Rolls-Royce, at the company's research laboratories in Derby. "I suppose you're just another of those bloody bankers," said Rickover. "No. I'm just a bloody plumber," replied Lord Ives.

Since the 1959 transfer of design and manufacturing data there has been no further technical exchange.

*Rolls-Royce and Associates* has developed two new generations of naval reactor, by redesigning virtually everything in and around the steel pres*sure vessel.* Each advance has meant more power and longer life. The first came into service in 1973. The second, on which development *began in 1966, enters service* in HMS Trafalgar. In addition to almost doubling power output, Trafalgar's nuclear engine will radiate much less *noise to forewarn its quarry.* This core will be "backfitted" to the four Polaris boats

In the mid-1970s Rolls-Royce and Associates began the development of a fourth-generation naval reactor, bigger than any before; too big, in fact, to be "backfitted." It was destined for a bigger ballistic missile-carrying submarine and a faster hunter-killer boat. For the first time since the earliest work at Har*well in the 1950s* Britain found itself designing a PWR from scratch.

By the early 1990s, when the new British-designed naval PWR enters service, the Navy will face a new problem. Its earliest nuclear *submarines* will be near the end of their life. The earliest U.S. nuclear *submarines* have already been decommissioned but the Royal Navy knows—unofficially—that none has yet gone to its grave.

*By far the lowest radiation* risk for the public, once spent fuel has been removed, would be to sink the vessels, intact, deep in the ocean, but the *U.S. public's perception of the* hazard will not permit it.

**APPOINTMENTS**

# Senior posts at Racal-Decca

The RACAL-DECCA Group has made the following appointments: W. St. J. White joins the Board of the Group's parent company, Racal-Decca, Mr J. M. Thomson becomes managing director of Racal-Decca Survey, Mr David E. Baker is promoted to deputy managing director of Racal-Decca Navigator, Mr Simon Mountfort becomes commercial director and Mr Chris Webb technical director of Racal-Decca Defence Systems (Radar) and Mr Adrian R. P. Day is appointed production director of Racal-Decca Marine Radar.

★

Mr Norman A. Chalmers has been appointed to the Board of *NATIONAL MUTUAL LIFE* ASSURANCE SOCIETY. Mr Chalmers is a partner of Arthur Anderson and Company.

★

Mr J. A. L. Cumming has been appointed to the Board of JAMES FINLAY CORPORATION and Mr J. F. C. Thompson has been appointed to the Boards of James Finlay Investment Management and James Finlay Unit Trust Management. Mr J. D. B. Wood has retired from the Boards of James Finlay Corporation, James Finlay Investment Management and James Finlay Unit Trust Management.

★

Mr Paul T. Orchart has been appointed a second vice-president in the UK corporate banking group of the NORTHERN TRUST COMPANY branch in London.

★

Mr H. W. Jackson is to join the Board of BUTTERFIELD-HARVEY as a non-executive director. He is an associate *director of General Electric* Company.

★

Mr Dennis E. Evans has been elected chairman of the council of the *SOCIETY OF COMPANY* AND COMMERCIAL ACCOUNTANTS and Mr John Mather has become vice chairman.

★

Mr Keith Irving has been appointed to the new post of technical director of ELEY. Mr Peter Slater has become finance director and Mr Malcolm Owens commercial director. The parent concern is IMI.

★

Professor Randolph Quirk has been appointed vice-chancellor of the UNIVERSITY OF LONDON to succeed the retiring vice-chancellor, Lord Annan, in September.

The Employment Secretary has appointed Mrs Sara Morrison as chairman of the NATIONAL ADVISORY COUNCIL ON EMPLOYMENT OF DISABLED PEOPLE. Mrs Morrison has also been appointed to the board of IMPERIAL GROUP as a non-executive director from October 1. She is an executive director of the General Electric Company and of the Abbey National Building Society.

★

The HEALTH AND SAFETY EXECUTIVE has appointed Mr Ron Anthony as chief inspector of nuclear installations and director of the hazardous installation group from July 1. He will transfer from his present post as head of the Executive's safety policy division on the retirement of Mr Ron Gausden.

★

RAL, a *member company* of National Opinion Polls, has appointed Mr Peter Stolle to its Board. He was previously associate director.

★

Sir John Burgess has handed over the chairmanship of BORDER TELEVISION to Professor Esmond Wright and Sir John has become vice-chairman.

★

Mr Kenneth Gardiner has been appointed Southampton regional director of MIDLAND BANK from July 1 to succeed Mr Michael Fuller who becomes a general manager of the bank. Mr Gardiner is at present regional director, Guildford.

★

Mr Jim Shaw and Mr Michael Jennings have been appointed directors of the housing division board of TARMAC.

★

Mr Graham Jones has been appointed sales director of DELTAFLOW, a member of the Delta group. He was previously with W. H. Dean.

★

Mr Jonathan A. H. Key has been appointed joint group chief executive of HORSTMANN GEAR GROUP, of Bath, to work with Mr John Heywood. Mr Key, a group board director, has been joint general manager of member company *Aish and Co., and* Mr Kenneth Oxford is now general manager of that concern. Mr Fred Kelly has been made general manager of Aish Electrical Contracting (Notedale), which is to operate as an independent subsidiary of the Horstmann Group.

# INTERNATIONAL COMPANIES and FINANCE

FED ALLOWS INTERNATIONAL ACTIVITIES IN NEW YORK

## IBFs an added threat to London

BY WILLIAM HALL, BANKING CORRESPONDENT

THE NEWS that the U.S. Federal Reserve has finally given the go-ahead for New York-based international banking facilities (IBFs) is regarded by some international bankers as one of the most significant developments in the Eurocurrency markets since they began to develop in the late 1960s.

Mr. Deryk Vander Weyer, a Barclays deputy chairman and one of the leading thinkers in the UK banking community, has warned on more than one occasion that the main threat to London in the next decade must surely come from New York if it went ahead with its plans for an offshore banking centre.

Earlier this week the Federal Reserve announced that from December 3 banks would be allowed to establish IBFs in New York which will be allowed to engage in international banking and be free from domestic reserve requirements and interest rate controls. The units will be limited to overseas operations so that they will not upset the Federal Reserve's domestic controls over money supply.

However, even though the possibility of the establishment of IBFs has been under discussion for several years, the international banking community in London still has mixed views on the impact it will have on their business.

Mr. Eric Carter, National Westminster's deputy group chief executive in charge of international operations, is representative of those bankers that feel the New York development will not damage London's role. "I well remember when Paris was going to become the great market place of Europe. It never happened," says Mr. Carter.

Mr Barry Linsley, head of Chemical Bank's European treasury operations, is of a similar view. He believes it will have an immediate impact on the Nassau and Cayman Isles operations of U.S. banks.

However, he stresses the importance of London's position in the world time zones. That the London market is open for a large part of the time when New York is closed will militate against a mass removal of business to New York.

Mr David Ashby, Grindlays' senior economist and a long time Eurocurrency market watcher, is less sanguine about the impact of the IBFs on London's role.

In an article in the February issue of The Banker, Mr Ashby says that it is "anomalous" that such a large market should be located outside the country whose currency, the U.S. dollar, is the principal currency in that market. Some U.S. banks have felt increasingly resentful that to lend their own currency internationally at competitive rates, they have to operate expensive overseas facilities.

London plays host to around a third of the worldwide Eurocurrency business at the moment and he is forecasting that its market share will drop to 25 per cent by 1985 and 20 per cent by 1990 as a result of the IBFs. This compares with a share of 40 per cent in the early 1970s.

Aside from its favourable time zone, the London based Eurocurrency market also benefits from the sophisticated related markets in foreign exchange, insurance, equities, shipping as well as access to good legal services. Unlike the Bahamas and the other exotic offshore areas, London is not a brass plate centre.

There are some 350 foreign banks directly represented in London and the number is still growing. Many of the banks coming to London are here for reasons other than the Euromarkets.

A senior banker at Barclays Bank International summed up many bankers' views when he stressed that owners of IBFs will be conscious of the fact that they will be in the jurisdiction of the U.S. authorities.

Bankers still perceive London as a safer haven than the U.S. for their funds. London is regarded as a politically neutral financial centre, a position which was underlined by the Bank of England's role in freeing the Iranian assets earlier this year.

However, despite London's undoubted tangible and intangible advantages, many bankers still agree with Mr Vander Weyer's view that over the long term, New York presents a very real threat to London's pre-eminence in the offshore market. One has only to look at the growing number of foreign banks flocking into New York. Over the last five years, the numbers have doubled to 250. In London the growth rate is considerably slower.

Many bankers are resigned to the fact that London's market share will decline, but hope that the absolute growth in the size of the market will offset any reduction in their business. For many, the Bank of England's attitude on matters such as regulation and capital adequacy will be more significant factors than the competition from the IBFs in determining the long term scale of their London operations.

A small branch — with 20 staff — costs more than $2m a year to run these days and profits are far harder to come by than formerly. Add in increasing official interference and the attraction of a London operation is far less than it was a decade ago. This, rather than the presence of New York's IBFs, is the prime worry for most London bankers.

**POSSIBLE SHIFTS IN GEOGRAPHICAL LOCATION OF THE EUROCURRENCY MARKET**

% shares of gross world-wide market

| | 1980 | 1985 | 1990 |
|---|---|---|---|
| London | 32 | 25 | 20 |
| Bahamas and Caymans | 11 | 5 | 2 |
| New York | — | 12 | 18 |
| Other centres | 57 | 58 | 60 |
| Total | 100 | 100 | 100 |

Source: Grindlays Bank

**ASSETS FOREIGN BRANCHES OF U.S. BANKS**

| $bn | Total | U.K. | Bahamas/Cayman | Other |
|---|---|---|---|---|
| 1973 | 121.9 | 61.7 | 23.8 | 36.4 |
| 1974 | 151.9 | 69.8 | 31.7 | 50.4 |
| 1975 | 176.5 | 74.9 | 45.2 | 56.4 |
| 1976 | 219.4 | 81.5 | 66.8 | 71.1 |
| 1977 | 258.9 | 90.9 | 79.1 | 88.9 |
| 1978 | 306.8 | 106.6 | 91.7 | 108.5 |
| 1979 | 364.2 | 130.9 | 109.0 | 124.3 |
| 1980* | 381.0 | 137.1 | 119.4 | 124.5 |

* October. Source: Federal Reserve Bulletin

## Belgium offers tax advantage on bonds

By Peter Montagnon in Brussels

BELGIUM yesterday launched its long-awaited "crisis loan" in the domestic bond market. The loan is intended to raise at least BFr 70bn ($1.8bn) to help cover the country's growing public sector deficit and encourage the return of capital which has fled abroad.

The loan is in two tranches, one aimed at institutions and the other at private investors, although both carry special tax advantages to increase their attraction.

It also bears an exchange guarantee against the European Currency Unit (ECU) to give investors at least partial protection against devaluation of the Belgian franc.

Belgian bankers estimate that the effective gross yield of the institutional tranche is slightly in excess of 14 per cent, taking into account the tax advantages, whereas its coupon is only 13 per cent. Maturity is seven years and issue price 97 per cent.

The tranche aimed at domestic investors also bears a 13 per cent coupon, although its maturity is 10 years and the price is at par.

However, the bonds are entirely tax free, except for the 20 per cent Belgian withholding tax, which should give them a special attraction for high tax paying individuals.

The Belgian Government has used the tax concessions to avoid paying the higher 14.5 per cent rate of interest, which the market would probably require for a conventional bond.

A clear picture will emerge of the success of this strategy at the end of the three week subscription period, but for the time being bankers report that initial investor interest in the bonds was rather sluggish.

## Sea Containers in $80m floating coal terminals project

BY IAN HARGREAVES IN NEW YORK

SEA CONTAINERS, the U.S. shipping and container leasing company whose operations are run from London, yesterday announced a novel plan to build two floating coal terminals at the mouth of the Mississippi River at a cost of $80m.

Sea Containers' partner in the project is the Coastal Barge Company, a major operator of Mississippi barges. The two companies say that 87.5 per cent of the capital cost of the project should be financed through soft loans from the U.S. Government, available to shipowners whobuild vessels in the U.S.

The plan is one of several now being contemplated as a means to sharply increase the export handling capacity of the U.S. coal industry, which is expected to greatly increase its exports in the years ahead.

But the Sea Containers plan is the most unusual so far announced. It will involve stationing huge twin-hulled barges just south of New Orleans. The river barges carrying coal will float between the hulls of the terminal barge, which will then act as a conveyor belt into the holds of an ocean-going bulk carrier.

The first barge terminal should be in place by 1983, the company said. Sea Containers does not, however, intend to get directly involved in the ocean shipping part of the operation.

## Morgan Guaranty plans to reorganise management

BY OUR NEW YORK STAFF

MORGAN GUARANTY, the fifth largest U.S. bank and one of the most venerable financial institutions in the country, yesterday announced a major restructuring of its chain of command following the resignation of Mr Alexander Vagliano, executive vice-president of the bank's international division.

Mr Vagliano, 54, is one of the best known figures in international banking, having headed Morgan's large international business since 1976.

The bank said he was leaving to pursue other interests, which include a return to practising law and sheep farming in Connecticut. Before he joined Morgan in 1958, Mr Vagliano was a partner in a large New York law firm.

Mr Lewis Preston, the bank's chairman, said the departure of Mr. Vagliano had prompted the bank to proceed earlier than expected with a long contemplated plan to scrap the division between international and domestic banking and to create a single worldwide banking structure.

Mr Peter Smith, 46, currently head of the national banking division, will take control of the new worldwide banking unit, which will in future consist of five groups; the Americans; Britain and Scandinavia (including shipping); Continental Europe; Asia, Middle East and Africa; and a fifth group comprising support services. The bank's treasury division will in future include Morgan's merchant banking activities.

Mr Smith, before becoming executive vice president of National Banking, had spells in Amsterdam and South Africa for Morgan.

## Revival in demand for D-Mark bond issues

BY FRANCIS GHILES

THE MARKED revival in interest for D-Mark paper was underlined yesterday when Westdeutsche Landesbank announced the second foreign D-Mark bond this week. The DM 80m 10-year bullet issue, for Girozentrale of Vienna carries a coupon of 10⅞ per cent and appears to have sold very quickly, not least in Switzerland. In a bullet issue the principal is paid in one lump at maturity.

The growing interest in acquiring such bonds is also shown by the two foreign D-Mark bonds launched since the beginning of last week trading above their issue prices. The bonds were a 10¾ per cent issue to 1991 at par for the EIB and a 10¾ per cent bond for the Norwegian industrial company, Aardal og Sundal, at 99½. Overall D-Mark foreign bond prices gained ⅜ of a point yesterday.

The turn round in the D-Mark sector of the Eurobond market is all the more remarkable as only two weeks ago the German Capital Markets Sub-Committee decided that no new issues barring one or two for supranational borrowers, would be arranged before the end of June. The strong demand which has developed this week has led to an effective reopening of the new issue market.

Swiss franc foreign bonds are also in good demand but prices of seasonad issues were unchanged yesterday. More recent high coupon issues are in greater demand than older ones, and have shown greater price gains in the past week.

In the dollar sector the $75m first tranche of the $200m tap issue for Electricite de France which was launched by Salomon Brothers on Monday was priced to offer investors a yield of 15.08 per cent. The final coupon was set at 13 per cent and the issue price at 95½ per cent. Placing this issue was a little slower than expected but the borrower has every reason to be happy as total commissions amounted to 0.7 per cent, well below the Eurobond market norm.

The 14¾ per cent bond to 1987 for GMAC which was launched on Wednesday appears to be moving very slowly.

## General Dynamics sees flat year

By Our Financial Staff

GENERAL DYNAMICS, the leading U.S. defence contractor, expects earnings in 1981 to be "very flat," although sales should comfortably exceed the $5bn level for the first time, Mr. David Lewis, the chairman, said in London yesterday.

During the first quarter, sales were up by about 20 per cent to $1.2bn, but net earnings slipped from $36m in 1980 to $30.8m, largely because of losses on the company's civil telecommunications interests and high interest rates.

General Dynamics expects to begin sea trials later this month with the U.S.S. Ohio, the first of the Trident nuclear submarines built by its Electric Boat division. It also expects to deliver six of the smaller SSN 688 attack submarines to the U.S. Navy this year.

Earlier this year Mr. John Lehman, the U.S. Navy Secretary, strongly criticised General Dynamics' performance on the Trident, and awarded contracts for three more SSN 688s to its rival, Litton Industries' Newport News shipyard. However, an independent inquiry largely absolved Electric Boat of blame, after noting that it had taken steps to correct earlier engineering problems on the project.

Mr Lewis told financial analysts thta despite bad publicity over the affair, which has helped drive General Dynamics stock down to around $32 from a high of $44 last year, the company hoped to win new contracts for at least two more Tridents in next year's U.S. defence budget.

He added: "We will make money on every Trident we build." Mr Lewis warned, however, that the long lead times involved meant that this activity would have no additional impact on profits before 1983-84.

Although General Dynamics is actively considering a further broadening of its interests away from defence, probably through acquisitions, its other main hope for the next few years lies in its plans for the so-called XL version of its F16 fighter.

The company is confident that for about $10m apiece, 10 per cent more than the price of the basic F16 now entering service, it will be able to deliver by 1986 a fighter meeting most of the characteristics needed for combat aircraft in the 1990s.

## Strong growth in earnings for Seagram

By Robert Gibbens in Montreal

SEAGRAM, the world's largest distiller, had sharply higher results for its third quarter to April 30 despite the economic recession. Third quarter earnings were U.S.$72.4m, or $2.07 per share, against U.S.$52.5m, or $1.49 per share, a year earlier. Sales were $605m against $570m. The year earlier period included special items totalling nearly $37m.

Nine month earnings were inflated by the large gain from the sale of its U.S. oil and gas properties to Sun Oil Company in 1980, coming out at U.S.$1.43bn, or $40.71 per share, against $113.3m or $3.23 per share. The gain from the sale of the oil and gas properties was $1.22bn. The year earlier period includes nearly U.S.$62m in special items. Nine months sales were U.S.$2.1bn against $1.9bn.



## FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Monday July 13. Closing prices on June 11.

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Am. Air. 15⅞ 88 (WW) | 55 | 100 | 100⅝ | −0½ | −0⅜ | 15.08 |
| Amoco 13⅛ 88 | 75 | 95½ | 96 | −0⅛ | +0⅞ | 14.23 |
| CIBC 14½ 84 | 185 | 97½ | 98 | 0 | +0⅛ | 15.47 |
| CNE 12¾ 91 | 100 | 88⅝ | 89⅛ | −0⅛ | 0 | 14.93 |
| Citicorp O/S Fin. 10 88 | 300 | 85 | 85½ | +0⅛ | +0⅛ | 14.25 |
| Citicorp O/S Fin. 12 87 | 200 | 90⅜ | 91⅛ | +0⅜ | +0⅜ | 14.20 |
| Con. Illinois O/S 9¾ 85 | 150 | 83⅛ | 83⅝ | +0⅛ | +0⅜ | 14.62 |
| Dupont Canada 13½ 91 | 65 | 98⅛ | 98⅝ | +0⅛ | +0⅜ | 14.15 |
| EEC 11 95 (August) | 70 | 76 | 78 | +0⅛ | −2⅛ | 14.99 |
| EIB 12¾ 88 | 75 | 89⅛ | 89⅝ | −0⅛ | −1 | 15.10 |
| Eldorado 13¾ 88 | 50 | 94⅜ | 94⅞ | +0⅛ | +0⅛ | 14.89 |
| Elec. de France 13 88 | 125 | 92¼ | 92¾ | +0⅛ | +0⅛ | 14.80 |
| Export Dv. Con. 9½ 88 | 150 | 82½ | 83 | +0⅛ | +0⅜ | 14.90 |
| Fed. Bs. D. 12¾ 85 (N) | 50 | 92½ | 93¼ | +0⅛ | +0⅜ | 14.47 |
| Fed. Bus. D. 15¾ 84 (J) | 40 | 100⅝ | 101⅛ | +0⅛ | +0⅞ | 15.36 |
| Fin. Exp. Credit 10½ 85 | 50 | 84⅛ | 84⅝ | +0⅛ | +0⅛ | 16.01 |
| Finland, Rep. of 9½ 86 | 100 | 80 | 80¼ | +0⅛ | 0 | 15.60 |
| Ford Credit O/S 14⅝ 83 | 150 | 98 | 98⅜ | +0⅛ | +0⅛ | 15.33 |
| Ford Cr. O/S Fin. 16 84 | 150 | 101⅜ | 102⅛ | −0⅞ | −0⅞ | 14.96 |
| Gaz de France 13½ 86 | 80 | 95⅞ | 96⅜ | 0 | +0⅛ | 14.65 |
| GMAC O/S Fin. 12 87 | 100 | 87⅝ | 88⅛ | −0⅛ | −0⅜ | 14.99 |
| GMAC O/S Fin. 12⅞ 88 | 100 | 90⅞ | 91⅜ | −0⅛ | −0½ | 15.03 |
| Gen. Mtrs. O/S 11⅛ 87 | 100 | 88 | 88½ | 0 | −0⅛ | 14.67 |
| Genstar 14⅛ 91 | 50 | 98¾ | 99⅛ | +0⅛ | +0⅜ | 14.92 |
| GTE Fin 13¾ 86 (WW) | 50 | 96⅝ | 97⅛ | 0 | +0⅛ | 14.70 |
| Hiram Walker 16 86 | 50 | 102¼ | 102¾ | +0⅛ | +0½ | 15.24 |
| IBM Wld. Trade 12½ 88 | 200 | 96⅝ | 97½ | +0⅛ | −0⅛ | 13.16 |
| Newfoundland 13½ 90 | 60 | 94⅛ | 94⅝ | 0 | +1 | 14.62 |
| Nova Scotia 10⅜ 90 | 50 | 82¾ | 83½ | +0⅛ | +0⅜ | 14.15 |
| OKB 10 85 | 50 | 85⅞ | 86⅛ | +0⅛ | +0½ | 14.73 |
| Ontario Hydro 13½ 91 | 100 | 94⅞ | 95⅜ | 0 | 0 | 14.43 |
| Quebec Hydro 11½ 92 | 100 | 82¾ | 83½ | +0⅛ | +0⅞ | 14.68 |
| Queb. Hy. 13 91 (WW) | 100 | 88¾ | 89½ | +0⅛ | +0½ | 15.18 |
| Royal Bk. Canada 14 88 | 100 | 97⅞ | 98⅜ | 0 | +0⅜ | 14.53 |
| SNCF 13 91 | 75 | 91⅛ | 91⅝ | 0 | +0⅛ | 14.63 |
| Sth California Ed 14 87 | 50 | 98½ | 99⅛ | +0⅛ | +0⅞ | 14.25 |
| Sven Handlsbk. 13¾ 88 | 45 | 92⅞ | 93⅜ | +0⅛ | +0⅜ | 15.38 |
| Sweden 12⅞ 85 | 150 | 91½ | 92 | −0⅛ | +0⅛ | 15.08 |
| Swed. Ex. Credit 13 86 | 75 | 91⅛ | 91⅝ | +0⅛ | 0 | 15.70 |
| Swed. Ex. Cred. 15⅝ 85 | 80 | 99¾ | 100⅛ | 0 | +0⅛ | 15.74 |
| Tordom Corpn. 15½ 86 | 25 | †101⅞ | 102⅛ | 0 | +0⅜ | 14.84 |
| Toronto-Dom. Bk. 14 84 | 50 | 96½ | 97 | −0⅛ | +0⅛ | 15.44 |
| Tribune O/S Fin. 14 86 | 50 | 96⅛ | 96⅝ | 0 | [illegible] | 15.03 |
| World Bank 9⅜ 85 | 200 | 85⅛ | 85⅝ | −0⅛ | 0 | 14.84 |
| World Bank 10⅛ 87 | 300 | 83½ | 84 | −0⅛ | 0 | 14.46 |

Average price changes On day 0 on week +0⅛

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev. Bank 10 91 | 100 | 97 | 97⅜ | −0⅛ | +0½ | 10.43 |
| Austria, Rep. of 8¾ 92 | 150 | 85⅞ | 86⅜ | +0⅞ | +0⅞ | 10.35 |
| CECA 7⅞ 92 | 150 | 84⅛ | 85½ | +0⅜ | +0⅜ | 10.14 |
| CECA 10 91 | 120 | 99½ | 100⅛ | 0 | +1 | 10.01 |
| Cll-Honeywell 8¾ 90 | 125 | 87½ | 88⅛ | +0⅛ | −0⅛ | 10.43 |
| Council of Europe 10 91 | 100 | 98⅛ | 99 | +0⅜ | +0⅛ | 10.22 |
| EIB 8½ 90 | 200 | 87⅝ | 88½ | +0½ | +0⅜ | 10.57 |
| EIB 10½ 91 | 200 | 99¾ | 100½ | +0½ | +0½ | 10.47 |
| ESCOM 9¾ 87 | 100 | 91⅛ | 92⅛ | +0⅛ | +0⅛ | 11.09 |
| Finland, Rep. of 10 89 | 100 | 97⅝ | 98⅜ | +0½ | +1⅛ | 10.37 |
| Iberduero SA 9 90 | 100 | 86⅜ | 87⅛ | −0⅛ | −0⅜ | 11.40 |
| Ind. Bk. Finland 8½ 90 | 50 | 88 | 88⅝ | +0⅛ | 0 | 10.49 |
| Int.-Am. Dv. Bk. 10 91 | 100 | 99⅝ | 100⅜ | +0⅛ | +0⅞ | 9.98 |
| Japan Air Lines 8½ 87 | 100 | 90⅝ | 91⅛ | +0⅜ | +1 | 10.13 |
| Japan Dev. Bk. 7⅝ 87 | 100 | 87 | 87⅜ | +0⅞ | +1⅜ | 10.47 |
| Kobe, City of 8 90 | 100 | 85⅝ | 86½ | +0⅜ | +0⅞ | 10.44 |
| Midland Int. Fin. 8½ 90 | 150 | 87⅞ | 88⅝ | +0⅜ | −0⅞ | 10.52 |
| Nuclebras 9¾ 88 | 100 | 84¼ | 85 | −0½ | −2⅛ | 13.14 |
| OKB 8⅜ 92 | 150 | 83⅜ | 84½ | +0⅛ | −1⅛ | 10.77 |
| Oslo, City of 8¾ 90 | 80 | 90 | 90⅝ | 0 | −0⅜ | 10.47 |
| Venezuela, R. of 9¾ 90 | 150 | 92⅛ | 93 | 0 | −0½ | 11.03 |
| World Bank 8 90 | 700 | 84⅜ | 85½ | +1 | +1⅛ | 10.61 |
| World Bank 10 88 | 150 | 99⅛ | 99⅞ | +0⅛ | 0 | 10.12 |

Average price changes .. On day +0⅜ on week +0⅛

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Aeroport Paris 6½ 91 | 60 | 94½ | 94⅞ | +0⅛ | +0⅞ | 7.25 |
| BFCE 6½ 91 | 100 | 94⅛ | 94⅜ | +0⅜ | −0⅛ | 7.30 |
| Bayer Int. Fin. 5¾ 92 | 100 | 88¾ | 89 | +0⅛ | −0⅛ | 6.88 |
| Bergen, City of 6¾ 91 | 40 | 99 | 99¼ | +0⅛ | +0⅛ | 6.87 |
| Bhrmn.-Tetterode 7 90 | 40 | 98⅜ | 98⅞ | 0 | −0⅜ | 7.19 |
| CECA 6¾ 91 | 80 | 95⅛ | 96 | 0 | +0⅜ | 7.35 |
| Denmark 5¾ 90 | 80 | 87½ | 87⅞ | −0⅛ | +0⅛ | 7.68 |
| Dome Petroleum 5⅜ 91 | 100 | 94⅜ | 94⅞ | −0⅛ | +1⅛ | 6.53 |
| Elec. de France 5¾ 90 | 100 | 88⅜ | 89 | −0⅛ | +1⅛ | 6.91 |
| Eurofima 5⅞ 92 | 80 | 98 | 99 | 0 | 0 | 5.93 |
| F G H. Hypo. Bk. 6 90 | 50 | 92¼ | 93 | 0 | +0⅞ | 7.10 |
| Finland, Rep. of 5⅜ 90 | 80 | 85 | 86 | −0½ | −2⅛ | 7.90 |
| Franc. Petroles 6½ 91 | 80 | 96⅞ | 97⅛ | −0⅛ | +2⅛ | 6.93 |
| Genstar 7 91 | 100 | 101⅞ | 102⅛ | 0 | +1⅛ | 6.71 |
| Int.-Amer. Dv. Bk. 7 91 | 100 | 98⅛ | 98⅝ | 0 | +0⅞ | 7.21 |
| Japan Dev. Bank 5⅜ 90 | 100 | 92⅜ | 93 | +0⅛ | +0⅛ | 6.80 |
| Mt. Blanc Tunnel 5½ 90 | 60 | 87½ | 87⅞ | 0 | +0⅜ | 7.39 |
| Newzg 5⅜ 90 | 80 | 90½ | 90⅞ | −0⅛ | 0 | 7.19 |
| OKB 7 93 | 100 | 98½ | 98¾ | −0⅛ | +0⅜ | 7.05 |
| Oslo, City of 5½ 90 | 80 | 92⅜ | 93 | +1⅛ | +2⅛ | 6.93 |
| Philips Lamps 5½ 92 | 100 | 87⅜ | 88 | +0⅜ | +1⅛ | 6.84 |
| Swed. Ex. Cred. 7⅛ 91 | 75 | 96½ | 97⅛ | −0⅜ | +0⅜ | 7.69 |
| Trade Dev. Fin. 6½ 90 | 50 | 91⅞ | 92⅛ | +0½ | −0½ | 7.34 |
| Voest-Alpine 5⅞ 90 | 80 | 89⅜ | 89⅞ | −0⅜ | +1⅛ | 7.56 |
| World Bank 6 91 | 100 | 91 | 91⅛ | −0⅛ | −1⅛ | 7.30 |
| World Bank 7 90 | 100 | 101½ | 102 | +1 | +1⅛ | 6.73 |

Average price changes... On day 0 on week +0⅛

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev. Bk. 8⅜ 91 | 15 | 97⅜ | 98⅛ | 0 | −0⅛ | 8.51 |
| Australia 6½ 88 | 20 | 86⅛ | 88⅛ | 0 | 0 | 8.38 |
| EIB 7⅛ 89 | 12 | 91⅛ | 92½ | −0⅛ | −0⅛ | 9.19 |
| Finland 5.6 83 | 10 | 90⅛ | 91⅛ | +0⅛ | +0⅛ | 8.80 |
| Finland 6.8 88 | 10 | 85½ | 86½ | 0 | 0 | 9.65 |
| Finland, Rep. of 8⅛ 87 | 15 | 97⅜ | 98⅜ | 0 | −0½ | 8.79 |

Average price changes .. On day 0 on week 0

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Bell Canada 10⅛ 85 CS | 60 | 87½ | 87⅞ | −0⅛ | +0⅛ | 14.22 |
| CIBC 13½ 85 CS | 60 | 93½ | 94⅛ | −0⅛ | −1⅛ | 15.54 |
| CIBC 11½ 85 CS | 80 | 86⅛ | 87½ | −0⅛ | −0⅞ | 16.00 |
| Federal Dev. 11⅞ 90 CS | 60 | †90½ | 91½ | 0 | 0 | 15.52 |
| Fst. Can. Inv. 10 84 CS | 90 | †85⅛ | 86⅛ | 0 | 0 | 16.24 |
| R. Bk. Canada 10 86 CS | 40 | 89½ | 90⅜ | −0⅛ | 0 | 12.89 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| M. Bk. Dnmk. 9 91 EUA | 26 | 88⅛ | 89⅞ | 0 | −0⅛ | 10.74 |
| SOFTE 8¾ 89 EUA | 40 | 87⅛ | 88½ | 0 | −0⅛ | 10.59 |
| U. Bk. Nwy. 9½ 90 EUA | 18 | 96½ | 97½ | 0 | +0⅛ | 10.02 |
| Algemene Bk. 10¾ 86 Fl | 60 | 94⅛ | 94⅝ | −0⅛ | −0⅜ | 11.90 |
| Bk. Mees & H. 10 85 Fl | 75 | 93⅛ | 93⅝ | −0⅛ | −0⅜ | 12.11 |
| Heineken NV 10 87 Fl | 100 | 92⅞ | 93⅛ | −0⅛ | −0⅜ | 11.62 |
| Nat. Nedrlndn. 10 88 Fl | 60 | 93⅜ | 94⅛ | +0⅛ | −0⅜ | 11.31 |
| Ned. Midd. Bk. 10 85 Fl | 75 | 93⅝ | 94⅛ | 0 | −0⅜ | 11.80 |
| Pierson 10⅜ 85 Fl | 50 | 94⅛ | 94⅝ | 0 | −0⅛ | 11.84 |
| Air France 14½ 86 FFr | 200 | 91⅛ | 92⅛ | −0⅛ | −1½ | 17.05 |
| Bk. America 14½ 86 FFr | 250 | 90⅞ | 91⅞ | −0⅛ | −1½ | 17.21 |
| Charb'nages 13⅞ 85 FFr | 400 | 91⅛ | 92⅛ | 0 | −0⅞ | 16.57 |
| EIB 14⅜ 88 FFr | 300 | 89 | 90 | 0 | −1⅛ | 16.61 |
| La Redoute 14⅛ 85 FFr | 125 | 88⅛ | 89⅛ | −0⅛ | −1⅛ | 17.98 |
| OKB 14 86 FFr | 400 | 91⅛ | 92⅛ | 0 | 0 | 16.47 |
| Solvay et C. 14⅜ 86 FFr | 200 | 99⅛ | 100⅛ | −0⅛ | −0⅛ | 14.69 |
| Swed. Ex. C. 14¾ 86 FFr | 250 | 91 | 92 | +0⅛ | −1⅞ | 17.31 |
| U. Mex. Sts. 14 85 FFr | 150 | 90⅛ | 91⅛ | 0 | −1⅛ | 17.45 |
| Acona 14 85 £ | 20 | 93⅞ | 94⅞ | +0⅛ | +0⅛ | 15.78 |
| Beneficial 14⅛ 90 £ | 20 | 87⅛ | 87⅞ | +1⅛ | +0⅞ | 16.92 |
| BNP 13½ 91 £ | 15 | 90⅜ | 91⅛ | +0⅛ | 0 | 15.25 |
| CECA 13½ 88 £ | 20 | 90⅞ | 91⅝ | +0⅛ | −2 | 15.52 |
| Citicorp O/S 13½ 90 £ | 50 | 93⅛ | 94⅛ | +0⅛ | −0⅜ | 14.78 |
| Fin. Ex. Cred. 13⅜ 86 £ | 15 | 93⅛ | 94⅛ | +0⅛ | −0⅞ | 15.55 |
| Gen. Elec. Co. 12½ 89 £ | 50 | 88⅛ | 89 | +0⅛ | −1⅛ | 15.06 |
| Hiram Walker 14⅛ 86 £ | 25 | 95⅛ | 96⅛ | +0⅛ | +0⅛ | 15.62 |
| Privatbanken 14½ 88 £ | 12 | 91½ | 92½ | +0⅛ | −1⅞ | 16.60 |
| Rothschild 14⅛ 90 £ | 12 | 94⅜ | 95⅞ | 0 | −0⅛ | 15.32 |
| Royal Trustco 14 86 £ | 12 | 95⅛ | 96⅞ | 0 | −0⅛ | 15.35 |
| Swed. Ex. Cr. 13⅜ 86 £ | 20 | 94⅞ | 94⅞ | 0 | −0⅛ | 15.41 |
| Banobras 8½ 90 KD | 7 | †80 | 80½ | 0 | 0 | 9.95 |
| CCCE 8½ 91 KD | 10 | †82¼ | 83⅛ | 0 | 0 | 11.0[illegible] |
| Sonatrach 8½ 90 KD | 12 | †93 | 93⅛ | 0 | 0 | 9.6[illegible] |
| Akzo 9½ 87 LuxFr | 500 | 87⅛ | 88⅛ | +0⅛ | +1⅛ | 12.0[illegible] |
| Euratom 9¾ 88 LuxFr | 500 | 86⅛ | 87⅛ | −0⅛ | −1 | 12.[illegible] |
| Eurofima 10½ 87 LuxFr | 500 | 91⅛ | 92⅛ | 0 | +0⅞ | 12.[illegible] |
| EIB 9¾ 88 LuxFr | 600 | 89⅛ | 90⅛ | 0 | +0⅛ | 11.[illegible] |
| Volvo 9¾ 87 LuxFr | 500 | 86⅞ | 87⅞ | 0 | 0 | 1[illegible] |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| Allied Irish Bank 5¼ 87 | 0¼ | 99⅛ | 99⅜ | 2/7 | 18⅜ | 16.71 |
| Bank of Montreal 5¼ 90 | 0¼ | 99⅛ | 99⅜ | 18/6 | 19⅜ | 19.57 |
| Bank of Tokyo 5¼ 89 | ‡0⅛ | 98⅛ | 99⅜ | 25/7 | 16⅛ | 16.73 |
| BBL Int. 5 86 | 0¼ | 99⅞ | 100⅛ | 20/11 | 18.31 | 16.29 |
| BNP 5¼ 88 | ‡0⅛ | 99 | 99½ | 29/7 | 18.44 | 16.56 |
| CNT 5¼ 86 | §0⅛ | 99⅛ | 100 | 16/10 | 19.81 | 16.88 |
| Christiania Bk. 5½ 91 | ‡0⅛ | 98 | 98½ | 5/8 | 17.31 | 17.62 |
| Citicorp O/S F. 84 | ‡0 | 99⅛ | 99⅜ | 30/6 | 18⅞ | 18.99 |
| C. Itoh 5¾ 87 | 0⅛ | 98⅛ | 99⅛ | 18/9 | 15.44 | 15.57 |
| Co-operative Bk. 6 86 | 0⅛ | 99⅛ | 100⅛ | 15/11 | 19.56 | 19.56 |
| Den Norske Credit 6 90 | ‡0⅛ | 98⅞ | 99⅛ | 5/8 | 17.31 | 17.44 |
| Genfinance 5¾ 87 | 0⅛ | 98 | 98½ | 30/10 | 16.94 | 17.07 |
| Giro und Bank 5¾ 91 | ‡0⅛ | 98⅛ | 98⅝ | 23/8 | 14.06 | 14.28 |
| GZB 5½ 88 | ‡0⅛ | 98⅛ | 99⅛ | 1/8 | 17.31 | 17.47 |
| Ind. Bank Japan 5¾ 87 | 0⅛ | 99⅛ | 99⅞ | 15/10 | 17.06 | 17.13 |
| Ind. Bank Japan 5¾ 88 | 0⅛ | 96⅛ | 99⅛ | 9/10 | 16.44 | 16.62 |
| Lloyds Eurofin 8 90 £ | 0⅛ | 96⅞ | 97½ | 3/7 | 14½ | 14.93 |
| Lloyds Eurofin 5⅛ 82 | 0⅛ | 98⅛ | 99⅛ | 4/12 | 17.44 | 17.61 |
| LTCB Japan 5⅛ 86 | 0⅛ | 99⅞ | 100⅛ | 13/8 | 20.19 | 20.16 |
| Man. Hanov. O/S 5¼ 94 | ‡0⅛ | 99⅛ | 100⅛ | 30/8 | 19.06 | 19.09 |
| Merrill Lynch O/S 87 | 0⅛ | 100⅛ | 100⅞ | 7/8 | 20.44 | 20.31 |
| Midland Int. Fin. 5⅛ 82 | 0⅛ | 98⅞ | 99⅛ | 5/12 | 17⅛ | 17.53 |
| Midland Int. Fin. 9 91 | 0⅛ | 98⅛ | 98⅜ | 30/10 | 16.81 | 17.09 |
| Nacional Fin. 6⅛ 86 | 0⅛ | 99 | 99½ | 26/7 | 17⅛ | 17.88 |
| Nacional Fin. 5½ 88 | 0⅛ | 96⅞ | 97½ | 25/9 | 14⅞ | 15.32 |
| Nat. Bk. Canada 5¼ 88 | 0⅛ | 97⅛ | 98⅛ | 24/9 | 14½ | 14.80 |
| Nat. West. 5¼ 94 | §0⅛ | 97⅛ | 98⅛ | 14/10 | 16.19 | 16.52 |
| Nat. West. 5⅛ 92 | §0⅛ | 97⅞ | 98⅛ | 23/10 | 16.81 | 17.13 |
| Pemex 8 91 | 0⅛ | 97⅛ | 97⅜ | 8/10 | 15.31 | 15.73 |
| Sparebanken 6 87 | 0⅛ | 99 | 99½ | 19/8 | 19⅞ | 20.03 |
| Standard Chart. 5⅛ 90 | 0⅛ | 98⅛ | 99⅛ | 3/9 | 17.06 | 17.23 |
| Svenska Hndlsbk. 5 87 | 0⅛ | 99½ | 100 | 15/7 | 17.81 | 17.88 |

Average price changes... On day +0⅛ on week 0

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| Bow Valley Inv. 8 95 | 4/81 | 23.12 | 99⅛ | 100⅛ | +0⅛ | 18.65 |
| Canon 6¾ 95 | 1/81 | 829 | 173⅜ | 174⅞ | +5⅛ | 5.37 |
| Credit Suisse 4¾ 93 | 10/79 | 1235 | 80 | 82 | +0⅛ | −1.44 |
| Digicon Fin. 8½ 95 | 10/81 | 29.5 | 104⅛ | 105⅛ | +0⅛ | 7.93 |
| Fujitsu 5½ 96 | 7/81 | 732 | 105⅛ | 106⅛ | +1⅞ | 16.21 |
| Hanson O/S Fin. 9½ 96 | 8/81 | 2.74 | 89½ | 91 | −0⅛ | 1.43 |
| Ina Overseas 8¾ 2000 | 4/81 | 42 | 113⅛ | 114⅛ | +2⅛ | −1.14 |
| Inchcape 8 95 | 2/81 | 4.55 | 80⅛ | 82 | 0 | −0.19 |
| Kotobukiya Co. 7 96 | 4/81 | 619 | †97⅛ | 98⅛ | +1⅛ | −0.79 |
| Marion Int. Fin. 9 95 | 12/80 | 15.5 | 80⅛ | 81⅛ | +0⅛ | 22.68 |
| Matsushita El. 7½ 95 | 11/80 | 580 | 94⅛ | 95⅛ | +0⅞ | 0.99 |
| NKK 6⅝ 96 | 7/81 | 168 | 107⅛ | 108⅛ | +2⅞ | 14.52 |
| Ricoh 6⅛ 95 | 8/80 | 604 | 133⅛ | 134⅞ | +2⅛ | 0.93 |
| Sumitomo M. Ind. 7 95 | 2/81 | 181 | 143½ | 144⅛ | +3⅛ | 4.16 |
| Swiss Bk. Cpn. 6⅛ 90 | 3/80 | 200 | 72 | 74 | 0 | 22.73 |
| Taylor Woodrow 8⅛ 90 | 1/81 | 4.94 | 88⅛ | 89⅞ | −0⅛ | −1.38 |
| Tokyu Land Cpn. 7⅛ 96 | 4/81 | 325 | 101⅛ | 102½ | −0⅛ | 15.70 |
| Transco Int. 8⅛ 96 | 2/81 | 88 | 81⅞ | 83⅛ | 0 | 33.95 |
| Tricorp 8½ 95 | 12/80 | 31.25 | 82⅛ | 83⅞ | 0 | 19.61 |
| Union Bk. Switz. 5 89 | 2/80 | 70.79 | 72 | 74 | −0⅛ | 5.35 |
| Fujitsu 5 84 DM | 7/79 | 431.5 | 187⅛ | 188⅛ | +5⅛ | −1.32 |
| Sharp Cpn. 6½ 88 DM | 3/80 | 595 | 182⅞ | 183⅞ | +7⅛ | 0.85 |
| Uny Co. 6½ 85 DM | 11/79 | 579.3 | 118½ | 116½ | +0⅞ | −4.91 |

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units, except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

# Amro in Australian merchant bank deal

By Our Amsterdam Correspondent

AMSTERDAM - ROTTERDAM Bank (Amro) is to set up a merchant banking subsidiary in Australia jointly with MLC, a large Australian insurer in life and general fields, and Lend Lease Corporation, Australia's largest property company. Amro Australia will be based in Sydney and is expected to open for business about the end of this year.

Amro and MLC will each have a 40 per cent stake in the starting capital of A$10m with Lend Lease holding the remaining 20 per cent. The capital will include a subordinated loan of A$2.6m.

Amro Australia will take the form of a money market corporation under Australian law and will offer most banking services, excluding currency arbitrage and payments transfers. It will concentrate on business credits and project financing, raising funds from the money market.

Amro claimed it was the first Dutch bank to establish a subsidiary in Australia. Foreign banks may only set up Australian subsidiaries if most of the capital is held by one or more local partners.

The bank will be managed by Baron R. van de Bolch Tott Verwolde, aged 34, while Mr F. Hoogendijk, a member of Amro's managing board, will head the Australian board of directors. The new company will form part of a chain of branches and representative offices established by Amro in the Far East in recent years. It already operates in Tokyo, Hong Kong, Singapore, Jakarta and New Delhi and will soon open offices in Colombo and Taipei.

Alliance Insurance of London holds 21 per cent of the MLC shares while Lend Lease has 15 per cent. Lend Lease has gross revenues of about A$400m a year.

# Arab group buys Dutch Remington

By Our Amsterdam Correspondent

AN ARAB business group has taken over the Remington Rand factory in Den Bosch in the Netherlands and announced plans to develop a new electronic typewriter. The cost of the acquisition and the development of the new typewriter is put at Fl 35m ($13m).

The Arab group comprises Mr Ismat Khatib, president of Al Jeel International of Kuwait, Mr Mishary Al-Khalid, also of Kuwait, and Mr Abdul Ghani el Ajou of Saudi Arabia. The three are active in the office equipment sector in the Middle East.

The Remington factory, which was declared bankrupt last month, has been renamed Business Systems Incorporated (BSI). It will initially employ 300 of the original staff of 825, but this number is expected to increase later.

The factory was originally part of the Sperry Univac group but was sold in 1978 to Remington Rand. News that the plant was faced with closure led to the occupation of the factory by the workforce last month.

Mr Anton Maurits, managing director of the plant for Remington has been retained as managing director by BSI. The new Arab owners said they based their confidence in the company on the expectation that 80 per cent of world typewriter sales would be electronic models by 1985.

An early priority will be to strengthen connections with distributors in the U.S., they said. The company currently makes about 30,000 electronic typewriters annually.

## Zvei sees slowdown

Production in the electrical and electronic industries in West Germany will probably grow 1 per cent this year after a rise of 4.9 per cent last year, according to the industry association, Zvei, Reuter reports from Frankfurt. Herr Rudolf Scheid, the general manager, said the real growth of new orders in the first four months of this year was only about 0.1 per cent, though the value of orders grew 3.3 per cent.

# KLM passes payout after further fall in earnings

BY CHARLES BATCHELOR IN AMSTERDAM

KLM, the Dutch airline, will pass its dividend for the second year running after reporting a fall in net profit for the year ended March 1981.

Operating profit rose sharply but higher interest charges and a move into loss on extraordinary items led to lower net profit.

Net profit fell 27 per cent to Fl 11m ($4.2m) on revenues which were 16 per cent higher at Fl 3.76bn ($1.42bn). Net profit per share fell to Fl 2.79 from Fl 3.83.

Operating profit rose from Fl 17m to Fl 58m. But the company's net interest charge rose to Fl 37m from Fl 23m. The sale of aricraft and other equipment produced Fl 2m compared with Fl 4m the year before. Extraordinary items resulted in a loss of Fl 11m compared with a profit of Fl 17m.

KLM sustained a loss of Fl 1m on minority holdings and a net currency loss of Fl 11m on long-term debts and claims. The year before, minority holdings showed a profit of Fl 8m.

KLM last paid a dividend of Fl 7 per share in 1978-79. It paid no corporation tax in 1980-1981, and now has an accumulated loss of Fl 250m.

The airline increased carrying capacity by 6 per cent to 4.08bn tonne/km but raised traffic by only 5 per cent to 2.47bn tonne/km. The load factor fell to 60.6 per cent from 61.1 per cent.

Postal traffic rose 18 per cent and freight increased by 10 per cent. Passenger traffic rose by only 1 per cent. Traffic income rose 17 per cent compared with the 5 per cent rise in traffic volume. This increase was the result of higher tariffs needed to meet higher fuel costs and inflation.

# Kredietbank increases profits and dividend

By Peter Montagnon in Brussels

KREDIETBANK, Belgium's third largest bank, reports net profits of BFr 1.76bn ($45.5m) for the year ended March 31, an increase of 1.5 per cent on the previous year.

Mirroring the trend of other Belgian banks, the balance-sheet total grew faster than earnings —by 13.1 per cent to BFr 486.3bn.

The bank proposes a dividend of BFr 365 compared with BFr 355 for the previous year. Shares allotted under a bonus share issue last September will be entitled to only half the dividend.

Kredietbank, whose activities are concentrated particularly in the dynamic Flanders region, is the only one of Belgium's big three banks to report an increase in net profits in the latest business year. Net profits at Ste Generale de Banque fell to BFr 1.91bn from BFr 1.99bn, and earnings at Banque Bruxelles Lambert fell to BFr 304m from BFr 705m.

However, in common with the other two banks, Kredietbank's interest margin has suffered from the increased proportion of resources raised on the inter-bank money market, and through expensive term deposits by its customers, as well as medium-term bonds.

# Political doubts plague CGE

BY TERRY DODSWORTH IN PARIS

THE FRENCH utility, Compagnie Generale d'Electricite, refuses to make predictions about the group's performance this year because of the "uncertainties" cause by the election of President Francois Mitterrand.

Speaking to shareholders at the CGE annual meeting, M Ambrose Roux, the chairman, said that it had never been more difficult to draw up a clear view of the future. Industry was faced with unresolved questions in both home and overseas markets, as well as uncertainty about future pay, fiscal policy and new regulations.

CGE, one of France's biggest companies, is one of the nine industrial groups on the Socialists' nationalisation list. It stands to be deeply affected by change in energy policy, where it has interests in both the nuclear and conventional power industries, and in any new directions given to government policy on electronics and information sectors.

M. Roux said that so far this year, growth had been satisfactory, with turnover up by 25 per cent for the first five months of 1980 and orders up by 40 per cent.

This growth is in line with last year's performance, when consolidated sales rose about 30 per cent to FFr 42.6bn ($7.6bn) and net profits increased 20 per cent to FFr 560m. Cash flow went up even more sharply, from FFr 1.3bn to FFr 2.1bn.

M. Roux singled out Alsthom-Atlantique, the group's heavy electrical engineering and shipbuilding subsidiary, for special mention, after its turnround from losses of FFr 8m to profits of FFr 125m.

The group's CGEE-Alsthom subsidiary had become one of the largest European concerns in electrical construction work, he said, while Societe Generale d'Entreprises had moved into the leading ranks of Europe's building concerns with the takeover of Sainrapr et Brice.

# Schering shows strong advance

BY LESLIE COLITT IN BERLIN

WEST BERLIN-based pharmaceuticals and chemicals group, Schering, reports a 34 per cent increase in profits last year to DM 78m on turnover up 19 per cent to DM 3.2bn. The company is paying an 18 per cent dividend plus 3 per cent bonus, compared with 18 per cent last year.

In spite of the strong performance, a member of the executive board noted that in 1973 Schering's pre-tax profit margins were 27.5 per cent, compared with just under 20 per cent in 1980.

Schering, which introduced the birth control pill to Europe 20 years ago, said sales in the first quarter of this year were 16 per cent higher than in the same period of 1980. The company said there was justifiable optimism that Schering would achieve sales of between DM 3.6bn and DM 3.8bn this year.

Schering's oral contraceptive, which is the mainstay of the pharmaceuticals division, showed improved sales worldwide together with Cortison preparations for local application. Pharmaceuticals sales were up 21.7 per cent last year.

For the first time Schering's U.S. subsidiary, Berlex Laboratories in New Jersey, was included in the figures

Sales of herbicides and pesticides rose 24 per cent, largely because of especially strong exports of Betanal, a beet crop herbicide. A 50 per cent increase in electro plating sales was recorded, including those from the newly-acquired Chemcut Corporation in Pennsylvania. Schering's five U.S. subsidiaries, with sales of $244m, however, did not contribute to group profits.

# Weak demand blamed for sharp setback at Elkem

BY FAY GJESTER IN OSLO

ELKEM, THE Norwegian mining, metals and manufacturing group, reports net group profits of only NKr 3m ($508,000) on turnover of NKr 1,225m in the first four months of this year, compared with NKr 135m on turnover of NKr 1,331m in the corresponding period of 1980.

The group attributes the decline to weak demand, coupled with rising costs in Norway. Market conditions for steel and ferro alloys were "specially difficult." Demand and prices for aluminium fell but the results in this sector were considerably better than for steel and ferro alloys.

The board expects difficult conditions to continue through the second four months, but foresees an improvement towards the year's end. Even so, results for 1981 as a whole are likely to be considerably weaker than last year.

In March, Elkem and the Jebsen group signed an agreement about the purchase of Union Carbide's five ferro alloy plants in the U.S. and Norway. Under another agreement, the two companies have the option to take over Union Carbide's two ferro alloy plants in Canada before 1988.

Ownership stakes will vary in the different countries, but Elkem will be responsible for management of all the plants. The price for all seven plants is $260m.

Elkem will finance its part of the purchase from its own funds, interim loans and an increase in share capital.

# Details sought of Sime deal with Goodrich

By Our Financial Staff

THE KUALA LUMPUR Stock Exchange has asked Sime Darby Berhad, the diversified plantations concern, how much the company will pay to acquire 54 per cent of B. F. Goodrich Philippines paid-up capital, and whether the payment will be in cash or in another form.

The exchange has also asked to be told the expected effect of the acquisition on the net asset backing and profits of the Sime group.

The 54 per cent interest which Sime announced earlier this week it was purchasing, represents the full stake of the U.S. parent.

Sime Darby is also discussing with Goodrich the possibility of manufacturing other types of rubber products in South-East Asia.

## Pernod forecast

Pernod Ricard, the French drinks group, expects to raise group operating profit by 10 to 15 per cent this year from last year's FFr 511.4m ($91m) by limiting the rise in trading costs and slowing the growth of investment. Last year group net profit was FFr 259.2m.

## Cernay bankrupt

Cernay, a French textile group, has filed a bankruptcy notice with the commercial court in Mulhouse and receivers have been appointed. The group, which employs 2,124 workers at six textile mills, said there would not be any layoffs but 160 employees would be offered early retirement. Sales in the first quarter of this year were 20 per cent below their level of a year ago, but Cernay said its order books remain well-filled and that it should be able to continue operating after the group has been restructured.

# Manufrance relaunched

BY OUR PARIS STAFF

A GROUP of employees in Manufrance, the stricken Saint-Etienne engineering and distribution group, has finally succeeded in relaunching it as a co-operative.

Yesterday's announcement follows months of negotiations over the fate of a group which became a rallying point for Left-wing criticism of the previous Government's industrial policies. Both the local Communist-led town council, and the CGT trade union, campaigned to save the company when the authorities were clearly prepared to let it go under.

Manufrance will re-emerge with its staff slimmed down to only about 700 compared with 2,000 a year ago.

Under the name of SCOPD-Manufrance it will re-establish the traditional businesses in gun, bicycle and sewing machine production, as well as mail order sales and leisure activities. It will also take over three shops from the extensive chain which used to spread throughout France but which will now be trimmed to Paris, Lyon and Saint-Etienne.

Funds for this relaunch are to come partly from the workers, who will inject about FFr 19m ($3.4m) some of it from redundancy payments.

Another FFr 9m is to come from government-backed job-creation allowances and FFr 20m is expected from central and local government industrial intervention funds.

# Interfood moves ahead

BY OUR FINANCIAL STAFF

INTERFOOD, the Swiss chocolate group which manufacturers under the Suchard and Tobler labels, reports increased profits for 1980.

The company also claims to have made a solid start to the current year, saying yesterday that business over the first five months had been good.

At the net level profits for 1980 are 15 per cent ahead, rising to SwFr 14.9m ($7m) from the SwFr 12.9m which Interfood has restated for 1979.

The company explains that the 1979 results have been restated to reflect the revision of statutes which took place earlier this year concerning the distribution of earnings.

Dividends for 1980 are being maintained at SwFr 23 per A share and SwFr 115 per B share.

● Losinger, Switzerland's biggest construction company, recommends passing of dividend for the fourth consecutive year. Net profits rose from SwFr 0.8m to SwFr 1.06m $500,000 after depreciation up from SwFr 11.85m to SwFr 15.51m. Turnover was SwFr 655m, a 17 per cent increase.

The value of new contracts jumped from SwFr 499m to SwFr 650m over the year. Operations this year so far are said to be "up to budgeted levels."

# Flick sells U.S. stake

BY ROGER BOYES IN BONN

FLICK, West Germany's largest family business, has decided to sell its interest in the New York-based United States Filter Corporation to Ashland Oil.

Flick executives said yesterday that the group had decided to sell its interest (in convertible preference shares) after being informed by Herr Hans Matthoeffer, the German Finance Minister, that the investment would not receive the favourable tax treatment it had expected.

The proceeds from the sale amount to about $129m. The stake was initially acquired by the Flick group in 1978 for about $100m at an exchange rate of DM 2.09 to the dollar.

U.S. Filter was once one of the central pillars of Flick's activities in U.S. The plan was —in co-operation with W. R. Grace, in which Flick also has a stake—to prepare a strategy of developing alternative fuel sources. Although such plans ran initially into anti-trust problems, the Flick executives were pleased with the performance of U.S. Filter, which has sales of around $600m.

Ashland said yesterday that the convertible preference shares represented about 35 per cent of the outstanding voting stock of U.S. Filter. Earlier this year, Ashland acquired all of U.S. Filter's outstanding common for $280m.

هكذا من الأجل

# Sanwa and Citicorp form Swiss finance company

BY RICHARD C. HANSON IN TOKYO

SANWA BANK, one of Japan's leading City banks, is to establish in Switzerland a 50-50 joint venture finance company with Citicorp, of the U.S.

The new company, Sanwa Finanz (Schweiz) AG—capitalised at SwFr 6m (US$3m)—will concentrate on underwriting bond issues, mostly Swiss franc, by Japanese companies. Later it plans to move into medium and long term lending.

The partnership is formed through Citicorp International Finance SA, a wholly owned subsidiary of the U.S. bank holding company. Citicorp was, it is thought, attracted to the joint venture because it offers a means of opening new lines of business to Japan.

Sanwa's Swiss venture comes after four other Japanese banks have established themselves in the country. It believes, however, that the strength of its chosen joint venture partner in Europe will make up for lost time.

Sanwa is waiting for labour permits from Switzerland before it can dispatch the two bond experts it will contribute to the new company's, small staff. Under tentative plans, the chairman of Swiss Finanz will be from Sanwa, and remain resident in Tokyo, while the vice chairman will come from Citicorp.

Sanwa's other ties with Citicorp include an agreement on issuing yen trevellers' cheques under a Citicorp scheme. Sanwa already has a separate merchant bank subsidiary in London.

● Ito-Yokado, a major Japanese chain store operator, said yesterday it will issue convertible debentures worth $50m in the U.S. to raise investment funds.

The yield and other details will be set later and the debentures will be offered in July. Lead underwriters will include Goldman Sachs and Nomura

## Brazil near credit packages worth $870m

By Francis Ghilès

CREDIT packages worth around $870m are currently being put together for two Brazilian borrowers under the aegis of two French banks.

Paribas is co-ordinating a package amounting to around 570m for Empresa Brasileira de Infra-Estratura Aeroportuaria (INFRAERO), the proceeds of which are earmarked for the financing of the Dacta-Ciscea project, which seeks to expand the air traffic control system in southern Brazil.

This package includes a FFr 1.1bn ($250-260m) loan — which is made up of a French export credit and a direct loan from the French Treasury — and a $316m financial credit guaranteed by Brazil and divided into two tranches. Paribas, Societe Generale and BNP are leading a $236m eight-year portion which includes a four-year grace period and a spread over the Libor rate of 2¼ per cent. There is also a management fee of 1⅛ per cent.

The second tranche of this financial credit, which amounts to $80m includes a spread of 2¼ per cent over Libor or a margin of 2 per cent over the U.S. prime rate. Other terms are identical to those on the first tranche. This tranche is being put together by Libra Bank, Crocker National Bank, Royal Bank of Canada and Intermex.

Credit Lyonnais meanwhile, is co-ordinating a $300m package for Ferrovia Paulista (FEPASA) which includes an $80m buyers credit and two financial credits, one for $120m being arranged through Citicorp in Paris and one for $100m being arranged through Credit Lyonnais. The borrower is paying a spread of 2¼ per cent over the Libor rate for eight years with four-years grace on both the tranches of the financial credit.

## Industrial interests main boost to Volkskas profit

BY JIM JONES IN JOHANNESBURG

VOLKSKAS, South Africa's fourth largest banking group, increased its taxed income before preference dividends and extraordinary items by 53 per cent to R46.4m ($55m) in the year to March 31.

This compares with its competitors' advances of 53 per cent by Barclays in its year to December 31, 1980; 43 per cent by Standard in the same period, and 41 per cent by Nedbank in the year to September 30 1980.

However, though the other banks' growth rates appear to have been slower, they were largely achieved on banking and related business alone. In Volkskas' case consolidated income from banking activities rose by 21 per cent from R18.7m to R22.7m while income from the group's industrial interests advanced by 103 per cent from R11.6m to R23.7m.

The main contributor on the industrial side was 62.4 per cent-owned subsidiary Bonuskor. Helped by strong performances by all its trading and manufacturing operations, particularly motorcycle distribution, Bonuskor's contribution to Volkskas group results rose from R5m to R11.6m a further strong advance was recorded by sugar producing subsidiary Transvaalse Suiker Korporasie which operates in the Transvaal and was not affected by the droughts which have hit the Natal sugar growers.

Total assets of the Volkskas group rose to R4.8bn on March 31, from R3.8bn a year earlier.

The board has warned that the industries in which the group operates are sensitive to the economic cycle and that favourable results in future must not be taken for granted.

A total dividend of 36 cents per share has been declared from earnings per share of 167 cents. The year to March 31, 1980, resulted in earnings of 134 cents a share and a total dividend of 30 cents.

## SwFr 210m finance plan considered by Philippines

BY EMILIA TAGAZA IN MANILA

A SwFr 210m financing package for the Philippines' first nuclear project is under consideration. Mr Cesar Virata, Philippines Finance Minister, newly returned from Switzerland, said that part of the amount would be a syndicated loan and part would be raised through bonds issues.

The package will be covered by a US$ 104m guarantee from the U.S. Export-Import Bank, which has a substantial exposure to the 620MW reactor being constructed by Westinghouse Electric Corporation for the Philippines state-owned National Power Corporation.

Eximbank has granted a $277m direct loan for the project, and previously issued loan guarantees covering $367m in private financing.

The Philippines Government is raising additional funding for the nuclear facility because the project cost has risen from $1.1bn to $1.8bn because of a 15-month work suspension after the Three Mile Island accident in Pennsylvania.





## Income dip at Kyoto Ceramic

By Our Financial Staff

KYOTO CERAMIC Company, a leading Japanese manufacturer of ceramic components for electronic products, suffered a marginal fall in consolidated net earnings from Y14.49bn to Y14.39bn ($63m) in the year ended March partly because of an increase in raw material costs and unfavourable foreign exchange conditions. Earnings per share were Y190.91 against Y201.31.

Sales advanced by 27.6 per cent to Y145.72bn ($639m) from Y114.17bn. Two new subsidiaries have been incorporated in the consolidated report and accounted for the sales gain. The two joining Kyoto's 13 subsidiaries were Emcon Inc of the U.S. and Sybernet Electronics Corporation of Japan.

Demand abroad was strong and exports grew by 21.4 per cent to Y87.88bn, to account for 60.3 per cent of total sales. Shipments to the U.S. and Europe were little changed but those to South-east Asia showed an especially sharp increase.

**Roderick Oram** looks at a company's attempts to diversify its assets base

# American thrust for Thomson

LIKE A snake that has shed its out-grown skin, International Thomson Organisation is growing into its three-year old identity as a Canadian company. But it may take several years before the company changes beyond recognition.

In its previous corporate incarnation as the Thomson Organisation, it was a London company whose assets were virtually all in British publishing, travel and North Sea oil.

Once its oil interests started to make huge profits, and potential new investment in Britain appeared limited by monopoly considerations, the company had to find a way around UK exchange controls in order to invest abroad.

It achieved this in 1978 by changing its corporate citizenship to Canada in a deal with the UK Government and the Bank of England.

The company is 80 per cent owned by the Thomson family of Toronto. Board meetings are held in Toronto but the company is run out of London by Englishmen with North American titles. Its balance sheet is in sterling.

A secondary purpose of the 1978 reorganisation was to simplify the Thomson family's sprawling empire.

The key demarcation is that ITO handles newspapers in Britain while Thomson Newspapers of Toronto handles them in North America.

*The most glaring overlap is* that of ITO's budding North American oil and gas interests *with the family's minority stake* in Hudson's Bay Oil and Gas.

ITO aims at having a substantial minority of its assets and profits attributable to North America by the end of the decade. Last year, this area contributed 21 per cent of ITO's £595m in assets and 8.3 per cent of its £917m in sales, up from 14 per cent and 3.9 per cent in 1979.

The proportion of assets in Britain fell to 74 per cent from 80 per cent and the share of sales to 89 per cent from 93 per cent. But UK operations remain the sole source of profits while North American revenues are being ploughed back to speed development. This resulted in a pre-tax loss of £5.7m for the continent's operations last year against a loss of £1.6m in 1979.

The North American strategy is being funded with profits from ITO's 20 per cent share in the Piper and Claymore oil *fields in the North Sea.*

Further North Sea exploration suits ITO because the cost can be written off against its high oil tax bill. "We'd like more activity but the tax structure has raised the threshold of exploitable fields, making the odds on finding a commercial structure much longer," said Mr. Michael Brown, ITO's executive vice-president.

"Our *investment criterion for* oil is much stricter than oil companies because we don't *have to maintain crude supplies.* We're only in it for the money, so we only get in on the excep*tional opportunities.*"

The effect so far on ITO has been dramatic. Its oil staff — 22 *people* out of the group's 23,000 employees — last year generated 89 per cent of its £265.8m trading profit and 37 per cent of its £917m of sales.

The group clearly appreciates what the North Sea is doing for it, yet it is less enthusiastic about the future. ITO wants to invest its handsome oil earnings in non-oil sources of continuing profits, such as publishing and travel. It wants to cut its dependence on oil because of the commodity's political precariousness.

On top of that, oil is a *diminishing* asset. The group has had no further commercially viable exploration success and has already lifted more than 40 per cent of its 173m barrel share of Piper and Claymore reserves.

In defining its North American strategy ITO decided to stick with the businesses it knows—publishing, travel and natural resources.

Of the three chosen sectors, publishing is getting 80 per *cent of the investment, which* totalled $300m in the 1978-81 period and continues to run at up to $100m a year.

In oil ITO is gearing up a two-pronged investment in North America.

In the U.S. it formed Thomson-Montieth with Mr Ed *Montieth, originally one of its* North Sea bankers, who has taken a 10 per cent stake. The *company is buying into production* and exploration in the southern U.S. on a modest *scale.*

The far bigger opportunity lies in Canada where the Liberal Government might have been thinking of ITO when it drafted its New Energy Programme, intended to raise the domestic ownership in the energy sector to 50 per cent.

Prior to the NEP, Canada wasn't attractive to ITO because it lacked domestic resource profits against which to write off exploration incentives and allowances.

The NEP's grants were designed to eliminate this problem and to encourage participation by cash-rich, non-oil Canadian companies—*a description* which fits ITO to a "t" since its 1978 change of citizenship.

"We intend to have a substantial position in Canadian oil and gas," Mr Brown said, through acquiring the Canadian operations of foreign companies and new investment.

In publishing, "we're interested in high quality areas —*in information which is indispensible for doing a job and* for which you can charge a *fair price." Mr. Brown said.*

ITO reckons that in the U.S. it is already number one in the bank, real estate and *health* publication fields, number two or three in accounting and number three in *professional* reference and vocational publications.

The biggest U.S. acquisition to date has been the $63m purchase this year of Litton's publication business. *This was* making a slight loss at the time because of high investment in new consumer *publications* which ITO quickly disposed of.

Packaged holidays is ITO's third main U.S. *thrust. This is* a building sector thinly populated by small operators. ITO *reckons it is already number* one.

ITO based its operations in *Chicago* and bought *two small* tour operators, one in Los Angeles and one in Philadelphia. But it plans to expand by internal growth more than by acquisition.

ITO sees a breakeven point for these operations by 1983 after losing $14m last year and a likely $30m for the 1980-82 period. In the longer term it envisages handling 2m to 3m holidaymakers a year, two to three times thet present British *volume.* Unlike in Britain, it does not intend owning its own aircraft.

*Despite all these* North American plans, ITO remains heavily committed to Britain, Mr. Brown *said. It plans to* invest about £300m in the 1981-1985 period, mostly on aircraft.

About £20m to £30m will go on modernising regional newspapers on top of £30m spent in the past five years and British publishing will get substantial investment, partly for acquisitions but mostly for new products.

**Principal Thomson Public Companies**

| Company | Percentage ownership: Thomson family | Percentage ownership: public | Principal activities |
|---|---|---|---|
| International Thomson Organisation | 80 | 20 | In Britain: Newspapers, magazines, books, information services, printing, travel, oil, forestry, local directories. In U.S. and Canada: Magazines, books, information services, travel, oil, gas, forestry. Also: Publishing in France, Germany, Holland, Denmark, Norway, Hong Kong, Australia, South Africa. Travel: Spain, Malta, Italy. |
| Thomson Newspapers | 70 | 30 | Daily and weekly newspapers in Canada and the U.S. |
| Hudson's Bay Co. | 73 | 27 | Canada's largest retailer. |
| Scottish and York | 52 | 48 | Insurance in Canada and the U.S. |

# Rhone Brazil unit to spend $280m

BY RIK TURNER IN SAO PAULO

RHODIA, the Brazilian offshoot of the French chemicals group, *Rhône Poulenc, plans to spend* $280m in Brazil over the next three years.

Local president M Jean Avril, says that within the Rhône group Rhodia gained in status last year after a rise in sales to around $750m. At this level "we represent roughly 10 per cent of the whole group," says M Avril.

Part of the investment, a projected $25m, will be for the installation of a plant for the production of methionine, an ingredient used in the production of poultry feed. The plant will be located in the petrochemical complex of Camacari, in the north-eastern state of Bahia, which is Latin America's largest industrial complex.

Another major investment by Rhodia *is a plant for the pro*duction of adiponitrile, which is used in the manufacture of nylon. Apart *from these and* other fine chemical projects, Rhodia will also invest in the *search for rare earths, which* have applications in the manufacture of colour television tubes.

Rhodia's annual report indicates a restoration of profits. Although profits are never published independently by the *Brazilian company, local pundits* suggest a margin of 12 per cent on sales now that the Government has abolished price controls.

It is evident from the size of the investments under way that the Rhone group places considerable importance on its Brazilian subsidiary.

M Avril does express concern over the Brazilian economy, and indeed the 1980 report reveals that only 85 per cent of planned investments of $40m were eventually carried out. The current economic situation has "led to a slowdown in the rhythm of our investments."

However, Rhodia's capital spending *should place the company in a strong position by* 1982 when the economy may have begun to recover.

M Avril makes the point that Brazil remains heavily dependent on imports of many chemicals. Basic petrochemicals are the exclusive responsibility of the Government, but Rhodia still sees "ample room" for development in the area of fine chemicals.

"It is this perception that has governed our investment options," says M Avril.

# WORLD STOCK MARKETS

## NEW YORK

[illegible]

# Dow firmer at mid-session

STOCKS FIRMED in active trading at mid-session, buoyed by the favourable outlook for interest rates.

The Dow Jones Industrial Average was up 3.89 at 997.77 at 1 pm. Advances led declines eight to five on volume of 27m (26m) shares. The NYSE All Common Index was up 0.29 at $77.07.

Analysts said investors appear to believe increasingly that interest rates will decline over the near term, a trend that was evident in the strength in interest rate-sensitive stocks.

However, they said the market's gains were tempered by continuing caution about developments in the Middle East.

Among Bank stocks, active manufacturers Hanover gained $¾ to $35⅜, Bankamerica $¾ to $27½ and Chase Manhattan $1⅝ to $55⅝. Citicorp rose $¼ to $29.

Active Gulf States Utilities edged up $⅛ to $11½. American Telephone, the most actively traded issue, was unchanged at $57.

Among other actives, Gulf and Western added $1½ to $20½, American Express $1½ to $52½ and Polaroid $1⅞ to $30⅝.

Masonite gained $1½ to $37 after reporting sharply higher third-quarter earnings.

American Stock Exchange prices were slightly higher in moderate trading. Wang Laboratories was the most active stock and gained $¼ to $37¾.

THE AMERICAN SE Market Value Index was 0.36 higher at 365.83 at 1 pm on volume of 3.76m (3.77m) shares.

## Canada

Markets were generally higher at mid-session. The Toronto Composite Index was up 5 at 2,345.0 on volume of 2.8m (2.66m) shares.

Advances led declines 181 to 171 and nine of the 14 major indices were higher at 1 pm.

The Metals and Minerals Index was up 6.5 at 2,345.7, the Golds Index up 2.7 at 4,024.9 and the Oil and Gas Index up 2.7 at 4,796.

**Closing prices for North America were not available for this edition.**

## Tokyo

Share prices continued to rise sharply with market sentiment enlivened by the yen's further recovery against the dollar, a gradual downturn of U.S. interest rates and revived foreign purchases.

The Nikkei Dow Jones average gained 84.78 to close at 7,569.30 after rising 109.25 points on Wednesday. Trading was moderate with volume 380m shares. The Tokyo Stock Exchange Index rose 6.42 to 563.56.

Matsushita Elec gained Y120 to Y1,700, Pioneer Y190 to Y3,890, Sony Y170 to Y5,310, Canon Y70 to Y1,490, Asahi Optical Y40 to Y599, Hitachi Y24 to Y673, Sumitomo Metal Y10 to Y267, Nippon Kokan Y8 to Y203 and Mitsubishi Heavy Ind Y10 to Y299.

Foreign purchases boosted Okuma Machinery Y78 to Y850, Toshiba Machinery Y37 to Y685, Takeda Pharmaceutical Y64 to Y850 and Yamanouchi Pharmaceutical Y70 to Y1,200.

## Hong Kong

Stocks closed higher on news of lowered U.S. interest rates and increasing investor confidence. The Hang Seng Index gained 20.28 points to 1,754.53.

Leaders all showed rises except for Hongkong Bank which was unchanged at HK$17 and Swire Pacific "A" which fell 80 cents to HK$19.40.

Dealers said Swire's poor performance over the past few days seemed to be due to its being oversold.

Cheung Kong rose 25 cents to HK$33.25, Jardine Matheson 50 to HK$26.30, Hutchison Whampoa 40 to HK$21.20, Hongkong Land 30 to HK$12.30, Hongkong Electric 30 to HK$7.20 and Hong Kong Wharf 15 to HK$8.75.

Jardine Securities rose 70 to HK$17.90, Sun Hung Kai Properties 90 to HK$18.90 but Hongkong Telephone was off 30 to HK$24.90 and Hong Kong Realty off 40 to HK$9.50.

## Singapore

Share prices closed higher on strong buying support in selective active trading with sentiment partly influenced by a higher Hong Kong market.

The Straits Times industrial index rose 24.76 points to a record 937.04 from 912.28. The performance came after a 13.44 point gain on Wednesday and an 8.73 rise on Tuesday.

Among Industrials and Finances, Bousteadco, Cold Storage, Fraser and Neave, Guthrie, Haw Par, JC-MPH, Keppel Shipyard, National Iron, Sime Darby, Development Bank, Malayan Bank and Overseas Chinese Bank all rose.

## Australia

A surge of interest in stocks associated with the Canning Basin Oil search saw the share market make a modest rally.

Vamgas, which fell yesterday to its lowest level for two weeks, firmed 80 cents to $A13.90. WMC added 30 cents to A$5.60 and Woodside 9 cents to A$ 2.13.

Pancontinental more than made up for a 90 cent loss in the two previous sessions with a rise of A$1.10 to A$7.60.

Elsewhere, BHP gained 15 to A$15.10, CSR was off 10 at A$6.36, MIM firmed 15 to A$4.80, CRA shed 6 to A$4.52, Central Pacific 5 to A$1.55, ICI 5 at A$2.05 and Bank of NSW 3 to A$2.93.

The All Ordinaries index firmed 2.9 to 706 after being down 0.5 points at the end of the morning session. International and inter-state trade continued to be hampered by a telecommunications strike.

## Germany

The share market closed firm against Wednesday's finish with foreign buyers boosting turnover. The Commerzbank Index was up 9.90 to 726. Sources said the market's belief that the dollar will remain strong continues to support export oriented shares especially.

The Motor sector was aided by the agreement to control Japanese car imports, and Daimler closed up DM 6.50 at DM 330.00.

The Engineering sector continued to gain ground and was led up DM 3.10 by Linde which closed at DM 327 and KHD was up DM 1.50 at DM 198.

## Milan

Milan stock prices fell sharply yesterday in one of the worst sessions in month. Brokers said selling was triggered by technical and speculative factors due to next Tuesday's settlements.

The market dropped for the fourth straight day and sales turned panicky in the final stages of the session. Investors looked increasingly worried while some analysts speculated that a reversal of the trend, after several weeks of sharp gains, was perhaps in sight.

## Paris

Share prices eased in quiet trading in a technical reaction to Tuesday's and Wednesday's rises.

Chemicals and Oils eased with Elf down FFr 27 at FFr 588 and Esso down FFr 6.5 at FFr 154.5.

Foods were mixed and Pernod Ricard declined FFr 6.5 to FFr 246 despite predicting a rise in operating profit of 10 to 15 per cent for 1981.

## Johannesburg

Gold shares closed slightly firmer as the bullion price held steady, but overall market volume was again thin.

Heavyweight producers were generally 25 or 50 cents up, although President Brand and FS Geduld were marked up R1.50 apiece at R41.50 and R43.50 respectively. Lesser priced issues gained between five and 15 cents. Mining Financials, however, tended basically easier but Anglos was off 15 cents at R16 and De Beers was unchanged at R9.05.

Platinums and Coppers firmed while Industrials closed narrowly mixed.

## CANADA

[illegible]

## BELGIUM (continued)

[illegible]

## HOLLAND

[illegible]

## AUSTRALIA

[illegible]

## JAPAN (continued)

[illegible]

## DENMARK

[illegible]

## FRANCE

[illegible]

## ITALY

[illegible]

## NORWAY

[illegible]

## HONG KONG

[illegible]

## SWEDEN

[illegible]

## GERMANY

[illegible]

## SWITZERLAND

[illegible]

## AUSTRIA

[illegible]

## BELGIUM/LUXEMBOURG

[illegible]

## SINGAPORE

[illegible]

## SOUTH AFRICA

[illegible]

## BRAZIL

[illegible]

# Indices

## NEW YORK

DOW JONES

| | June 10 | June 9 | June 8 | June 5 | June 4 | June 3 | 1981 High | 1981 Low | Since Cmpil't High | Since Cmpil't Low |
|---|---|---|---|---|---|---|---|---|---|---|
| ◆Industr'ls | 993.88 | 994.44 | 995.54 | 993.79 | 986.74 | 989.71 | 1024.05 (27/4) | 951.57 (13/2) | 1051.70 (11/1/73) | 41.22 (2/7/32) |
| H'me B'nds | 60.75 | 60.48 | 60.48 | 60.29 | 60.30 | 60.27 | 65.78 (15/1) | 58.57 (7/5) | — | — |
| Transport | 425.41 | 426.80 | 427.80 | 426.28 | 424.61 | 422.22 | 447.38 (16/4) | 379.12 (20/2) | 447.38 (16/4/81) | 12.23 (8/7/32) |
| Utilities | 107.86 | 105.78 | 106.32 | 105.78 | 104.83 | 105.56 | 117.81 (5/1) | 103.99 (5/6) | 163.32 (20/4/69) | 10.5 (28/4/42) |
| TradingVol 000's | 53,290 | 44,600 | 41,870 | 47,180 | 48,940 | 54,700 | — | — | — | — |

◆Day's high 1003.71 low 985.91

| Ind. div. yield % | June 3 | May 29 | May 22 | Yearago (approx |
|---|---|---|---|---|
| | 5.62 | 5.61 | 5.77 | 6.13 |

STANDARD AND POORS

| | June 10 | June 9 | June 8 | June 5 | June 4 | June 3 | 1981 High | 1981 Low | Since Cmpil't n High | Since Cmpil't n Low |
|---|---|---|---|---|---|---|---|---|---|---|
| ‡Indust'ls | 148.77 | 148.68 | 149.00 | 148.15 | 147.71 | 147.48 | 157.02 (6/1) | 143.73 (2/2) | 160.96 (28/11/80) | 3.52 (30/6/32) |
| Composite | 132.22 | 131.97 | 132.24 | 132.22 | 130.96 | 130.71 | 138.12 (6/1) | 126.58 (29/2) | 140.52 (28/11/80) | 4.40 (1/6/32) |

| | June 3 | May 27 | May 20 | Year ago (approx |
|---|---|---|---|---|
| Ind. div. yield % | 4.79 | 4.62 | 4.67 | 5.28 |
| Ind. P/E Ratio | 9.14 | 9.37 | 10.81 | 7.62 |
| Long Gov. Bond Yield | 12.86 | 13.01 | 13.22 | 10.11 |

N.Y.S.E. ALL COMMON

| June 10 | June 9 | June 8 | June 5 | 1981 High | 1981 Low |
|---|---|---|---|---|---|
| 76.78 | 76.54 | 76.76 | 76.73 | 79.14 (6/1) | 72.45 (20/2) |

Rises and Falls

| | June 10 | June 9 | June 8 |
|---|---|---|---|
| Issues Traded | 1,910 | 1,903 | 1,918 |
| Rises | 900 | 677 | 800 |
| Falls | 645 | 868 | 711 |
| Unchanged | 365 | 358 | 407 |
| New Highs | 88 | 49 | 82 |
| New Lows | 18 | 20 | 18 |

MONTREAL

| | June 10 | June 9 | June 8 | June 5 | 1981 High | 1981 Low |
|---|---|---|---|---|---|---|
| Industrials | 402.06 | 401.63 | 401.31 | 404.03 | 409.56 (27/5) | 356.26 (20/2) |
| Combined | 371.63 | 370.75 | 370.94 | 372.98 | 375.16 (27/5) | 339.34 (20/2) |
| TORONTO Composite | 2340.0 | 2327.5 | 2340.8 | 2344.6 | 2378.8 (10/4) | 216.4 (20/2) |

| | June 11 | June 10 | June 9 | June 8 | 1981 High | 1981 Low |
|---|---|---|---|---|---|---|
| AUSTRALIA All Ord. (1/1/80) | 706.0 | 703.1 | 711.7 | (c) | 737.3 (6/4) | 641.1 (17/2) |
| Metal & Minrls. (1/1/80) | 612.5 | 604.1 | 614.8 | (c) | 756.2 (7/1) | 554.9 (5/5) |
| AUSTRIA Credit Aktien (2/1/62) | 60.06 | 59.69 | 59.93 | (c) | 66.43 (5/1) | 59.69 (10/6) |
| BELGIUM Belgian SE (31/12/63) | 70.08 | 70.02 | 71.51 | (c) | 86.15 (17/2) | 70.02 (10/6) |
| DENMARK Copenhagen SE (1/1/73) | 109.24 | 110.66 | 110.69 | (c) | 112.3 (28/5) | 95.98 (2/1) |
| FRANCE CAC General (29/12/61) | 79.8 | 80.30 | 78.40 | (c) | 112.5 (17/3) | 77.9 (5/6) |
| Ind Tendance (31/12/80) | 80.8 | 82.30 | 80.70 | (c) | 106.8 (13/3) | 79.7 (5/6) |
| GERMANY FAZ-Aktien (31/12/58) | 255.99 | 253.07 | 252.70 | (c) | 255.99 (11/6) | 215.66 (6/2) |
| Commerzbank(Dec.1953 | 726.0 | 716.1 | 715.3 | (c) | 727.7 (27/4) | 665.4 (16/2) |
| HOLLAND ANP-CBS General (1970) | 95.0 | 92.5 | 92.3 | (c) | 95.8 (18/5) | 85.7 (2/1) |
| ANP-CBS Indust. (1970) | 75.4 | 75.1 | 75.2 | (c) | 75.4 (5/6) | 62.8 (2/1) |
| HONG KONG Hang Seng Bank(31/7/64) | 1754.53 | 1734.25 | 1718.07 | 1697.50 | 1754.53 (11/6) | 1288.44 (11/3) |
| ITALY Banca Comm Ital (1972) | 271.27 | 281.96 | 283.96 | 285.75 | 292.05 (3/6) | 173.36 (6/1) |
| JAPAN Dow Average (16/5/49) | 7569.3 | 7484.52 | 7375.27 | 7384.97 | 7674.18 (30/4) | 6956.52 (15/3) |
| Tokyo New SE (4/1/68) | 563.56 | 557.14 | 548.08 | 546.42 | 563.56 (11/6) | 495.79 (5/1) |
| NORWAY Oslo SE (1/1/72) | 116.13 | 114.93 | 113.77 | (c) | 127.37 (4/5) | 110.34 (5/6) |
| SINGAPORE Straits Times (1966) | 937.04 | 912.28 | 898.84 | 890.50 | 937.04 (11/6) | 659.51 (2/1) |
| SOUTH AFRICA Gold (1958) | — | 595.1 | 596.5 | 583.9 | 797.8 (7/1) | 591.3 (3/6) |
| Industrial (1958) | — | 822.8 | 824.0 | 824.9 | 853.5 (1/6) | 557.2 (3/2) |
| SPAIN Madrid SE (30/12/60) | 135.8 | 131.45 | 127.02 | 124.20 | 135.8 (11/6) | 100.46 (2/1) |
| SWEDEN Jacobson & P. (1/1/58) | 652.12 | 652.00 | 656.14 | (c) | 658.42 (5/6) | 404.17 (20/1) |
| SWITZERLAND SwissBankCpn. (31/12/58) | 288.3 | 288.0 | 283.7 | (c) | 304.2 (2/4) | 279.8 (27/5) |
| WORLD Capital Intl. (1/1/70) | — | 153.9 | 152.0 | (c) | 162.5 (6/1) | 149.8 (17/2) |

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u U[illegible]

## NEW YORK ACTIVE STOCKS

| Wednesday | Stocks traded | Closing price | Change on day | | Stocks traded | Closing price | Change on day |
|---|---|---|---|---|---|---|---|
| ATT | 1,827,900 | 57 | — | Ral Purina | 612,200 | 13½ | + ⅛ |
| BankAmer | 776,000 | 26½ | +1 | Can. S. West | 578,400 | 14⅞ | + ⅝ |
| Am. Express | 722,000 | 51⅛ | + ⅛ | IBM | 550,700 | 57⅞ | + ⅜ |
| Johns-Manv. | 711,600 | 19¾ | − ⅛ | Ramada In. | 516,700 | 11⅞ | + ⅛ |
| Gen. Tel. El. | 626,700 | 30⅝ | + ⅛ | Atlantic Rich. | 470,200 | 46⅞ | + ⅛ |

# Herring move may ease EEC fishing deadlock

BY LARRY KLINGER IN BRUSSELS

THE EEC COMMISSION will propose the reopening of herring fishing in waters where it has been virtually banned since the beginning of 1978 at the next Council of Fisheries Ministers.

The Commission, which says recent scientific evidence shows that stocks have been sufficiently restored, hopes that the decision may help spur an end to the five-year struggle to establish a Common Fisheries Policy (CFP).

The proposals will be especially welcomed by France and the Netherlands, which have long argued for a reopening of herring fishing.

The Commission's hope is that France might now be willing to make concessions in other areas the acrimonious CFP talks, which have virtually been suspended since March because of the French elections, if it were to benefit from an increased herring quota.

In any case, the legalising of herring fishing in the south of the North Sea and in the Channel could lower the temperature of the overall debate. French and Dutch fishermen have consistently been accused by the fishing industries in some other countries, notably in Britain, of fishing these areas illegally.

The Commission proposes raising the total allowable catch (TAC) of herring in the south of the North Sea and the Channel by 25,000 tonnes a year to 27,500 tonnes and the TAC in Community waters west of Scotland by 55,000 tonnes to 62,500 tonnes.

The Commission emphasises that the ban would remain in force in all other areas of the North Sea.

While the member-states are unlikely to approve the measures outside final agreement on a CFP, the Commission is hoping that the ministers will not reject them out of hand and thereby apply them under the "gentlemen's agreement" to respect the Commission's proposed TAC's for 1981.

Meanwhile, however, there is still no date for the next Fisheries Council, and there is no evidence that the member-countries have held the private consultations that were proposed at their last meeting in March.

The Netherlands, as the current President of the Council, is still striving to arrange a meeting before the end of this month and is expected to announce a decision early next week.

The main trouble is that the French have made known that, because their general elections will not be over until June 21, they may not be able to prepare their negotiating brief in time.

● Danish Common Market agricultural commissioner Poul Dalsager, was discharged from a Danish hospital after undergoing treatment following a mild heart attack on May 29, reports Reuter.

# Sharp fall in coffee values

By Our Commodities Staff

COFFEE PRICES fell back sharply on the London futures market yesterday but remained above the five-year lows reached earlier in the week. The September position lost £31.50 of Wednesday's £54 rally to end the day at £836.50 a tonne.

Prices continued to be depressed by expectations of a big production surplus this year, mainly due to a bumper Brazilian crop, but hopes that the International Coffee Organisation will reduce still further world export quotas at an emergency meeting of its executive board on Monday have encouraged some buying in the past two days.

The announcement of the meeting was largely responsible for Wednesday's rally but dealers said yesterday they thought this had been overdone.

In Abidjan, meanwhile, the Ivory Coast's Agriculture Minister, Mr Denis Bra Kanon, forecast that his country would produce a record 350,000 tonnes of robusta coffee in the 1980-81 season. Local coffee traders doubted the crop would be that high, however. Most of them estimated production of between 320,000 and 330,000 tonnes.

The Ivory Coast usually produces around 300,000 tonnes of coffee but last year production was depressed by bad weather to 250,000 tonnes.

# U.S. commodity tax battle

BY NANCY DUNNE IN WASHINGTON

PROPOSED legislation to eliminate the use of straddles as tax shelters is making its way to the Senate today at hearings held by Sen. Daniel Moyniham.

Similar to the bill currently under discussion in the House of Representatives, Sen. Moynihan's legislation is expected to base year-end tax bills on the same "market to market" basis on which traders here calculate their daily profits and losses in assessing margins.

Commodity gains here are taxed as short-term capital gains at a maximum rate of 70 per cent, but long positions held for more than six months are taxed as long-term capital gains at rates up to 28 per cent. Thus, taxpayers here can reduce their bills by entering into two offsetting transactions in the futures market. One produces a short-term capital loss in one year, the second is a long-term gain the next year, which is taxed at 28 per cent.

Under the senator's proposal, all future gains and losses would be put in one "basket" and taxed at an effective maximum rate of 44 per cent.

The proposals are being opposed by the futures industry in their current form because no provisions are made for exempting professional traders.

"The industry would support proposals which exempt legitimate traders from punitive tax treatment," says Mr John V. Rainbolt II, Former Commodities Futures Trading Commission commissioner, but the present proposals threaten the liquidity of the market. They have the capability of turning the futures market into a cash market.

He said industry representatives are discussing alternative proposals on Capitol Hill in hopes of coming up with something they can support.

Under attack by the Revenue, the popularity of straddles as tax shelters has faded in recent years, so no one is sure how significant would be their disappearance from the market. The futures industry, however, is convinced that legislation and hedgers would be felt long after the tax shelters are gone.

# Turkey threat 'inaccurate'

By Richard Mooney

BRITISH TURKEY producers' allegations that France was bidding to take over their market were described as "wholly inaccurate and mischievous" yesterday by M Jean-Baptiste Danel, the French agricultural attaché in London.

Subsidies granted to build a processing plant in Brittany which have been bitterly criticised in Britain, were not against EEC rules, he said. Brittany was designated as a special development area similar to some areas in Britain.

M Danel denied that the French Government planned to underwrite French producers' losses to enable them to move massively into the UK market.

## FARMER'S VIEWPOINT

# Hoping for sunnier times

WHEN I started being involved in farming more than 50 years ago there were still men in business who remembered the bad summer of 1879. This, together with the drought of 1921 signalled the approach of the great slumps in British farming.

By all accounts the summer of 1879 was very like the present, very cold and wet, causing cereal crops to suffer all sorts of ills. Stock never throve. In addition the harvest was light and of poor quality, there was no hay to speak of, and an end result was that many of the arable areas of Britain entered a long period of decline.

In point of fact, the extreme weather conditions both in 1879 and 1921 coincided with the impact of political and economic changes which had far more far reaching effects than that of a single bad season.

For the first, the Corn Laws which protected the British farmer had been repealed in 1848, but it took nearly 30 years before the flood of grain from the New World permanently lowered grain prices.

In 1921, the Government of the day repealed the Corn Production Act, which guaranteed prices, rather as the CAP does today, and started off the inter-war slump.

I am not suggesting that the present summer will start off anything as traumatic as that of 1879, but if the weather pattern endures much longer it could make things very difficult for many farmers, especially those heavily committed with loans and overdrafts.

Except in Eastern Scotland, where until recently some farmers were complaining of drought, the country's cereal crops are under severe attack by almost every disease known to science. And, where the disease can't be identified, there is a condition known as stress—the grain paling to a bright yellow like a Victorian lady with the vapours.

I believe the stress factor is simply a sign that the plant is off colour and probably does not like to have its feet permanently soaked and beset by the continual cold. It then becomes susceptible to thet diseases lurking in the background to which in normal times it is resistant. These diseases mainly attack the leaves, but it is important to remember that the leaves provide the food to swell the grain.

Of the main cereal crops; winter barley looks quite well, is fully in ear and has not as yet been battered down too much in the heavy storms, possibly a sign that the heads are not has heavy as they look. Spring barley in many cases looks dreadfully yellow, will not mature until August and on my own farm has already been sprayed and given extra nitrogen.

Wheat, which looked to be the crop of the year, still looks fairly well, but according to reports is now under attack from a variety of ills; yellow rust, septoria, and mildew are the most common with an animal attack from aphids as well. With wheat it is important to pressure the flag leaf as long as possible but there are as yet no systemic substances that give long term protection. So chemicals have to be applied on the basis of apparent need—a matter of fine economic and technical judgment for which most farmers are inadequately trained.

Nor are grain farmers the only sufferers. There is, it is true, any amount of grass, more than we have seen in a spring for years. But in spite of the abundant feed, the lambs are not doing as well as they would if the weather were dry and the sun on their backs. Sheep will stand any amount of cold and even drought, but thety don't enjoy wet coats.

Dairy farmers have told me that in spite of the lush pastures their milk yield suffers from the storms. Some had to delay turning stock out because the land was too wet.

Of particular concern is the silage which needs a high dry matter content. The earliest cut usually is of the highest value, but has been very difficult to dry before putting into silos. Wetter silage can be made with the use of additives, but according to the experts, it is never as good. One problem is that the longer cutting is delayed the lower the feed value of the material. As for hay, no one is really trying to make any of that yet.

All in all a very depressing pitcure. But it is one which could be marvellously remedied by a few weeks of sunshine and warm weather. If this does not happen farmers both here and in Western Europe, where I believe similar conditions persist, could find that record harvests don't follow each other as night follows day.

**John Cherrington**

# World grain output forecast slips

WASHINGTON — The U.S. Agriculture Department forecast 1981/82 world grain production at 1,636m tonnes, slightly below last month's estimate, but 5 per cent above the 1980/81 outturn of 1,564.9m tonnes.

The 1981 harvest of U.S. winter wheat is estimated at a record of 2.01bn bushels, up 6 per cent from last year's harvest of 1.89bn, the previous high, but down 3 per cent from an USDA estimate of 2.08bn bushels a month ago.

It estimated the combined maize and sorghum crops in Argentina, South Africa and Australia at 36m tonnes this year, up 65 per cent from a year ago.

The USDA retained its estimate of the Soviet 1981 grain crop at 210m tonnes, unchanged from its May forecast.

Reuter

# Lead prices see saw

LEAD PRICES seesawed on the London Metal Exchange yesterday, when U.S. producer St Joe Minerals declared a cut in deliveries from its strike-hit smelter in Missouri soon after news that a settlement of the strike may be imminent.

It was announced overnight that workers at St Joe's Missouri milling and mining plants, which supply the smelter with its raw material, had put new proposals to the company for ending the 10-week-old strike. Negotiations are to resume next Thursday.

Meanwhile the company said it would re-open the smelter on Tuesday, using bought-in concentrates, but later is declared 100 per cent force majeure on shipments from the smelter, effective immediately.

Cash lead closed at £357.5 a tonne, £2.5 down on the previous close, but well above lower levels earlier in the day. Copper prices reached the highest level since last September, with cash wirebars closing £7 up at £874.75 a tonne. The three months quotation traded over £900 at one stage but this triggered off profit-taking sales and the market closed just below at £899.75.

Main reason for the rise in copper recently has been the decline in the value of sterling against the dollar. Underlying sentiment has also improved with hopes of better demand by the end of the year. It is thought that any recovery in demand will bring extra pressure on prices in view of the low level of stocks held by consumers at present.

Zinc prices were higher too yesterday encouraged by rumours that the U.S. Treasury would shortly announce a scheme to produce zinc-based coins. Cash zinc closed £6.5 up at £420.5 a tonne.

# Downturn for sugar

By Our Commodities Staff

WORLD SUGAR prices turned downwards again yesterday with the October position on the London futures market ending £9.425 lower on the day at £206.15 a tonne.

Dealers attributed the fall to renewed disappointed bull liquidation following the failure of the market to maintain the upsurge staged at the end of last month.

# BRITISH COMMODITY MARKETS

## BASE METALS

The decline in sterling encouraged gains in Copper, Tin, Zinc and Nickel. Short-covering lifted copper to £903, three months, prior to close of £898 while tin was finally £6,600, after £6,625. Rumours that the U.S. Treasury will replace copper by zinc for its coinage pushed zinc up to £425 prior to a close of £422.5. Lead dipped and rallied on the St Joe settlement possibility which was followed by a force majeure declaration. Three months closed at £367, after extremes of £359 and £368. Aluminium was finally £663.5 and Nickel £3,215.

| COPPER | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Wirebars | | | | |
| Cash | 876-.5 | +16.7 | 874.5-.5 | +7 |
| 3 months | 900-.5 | +15.5 | 899.5-900 | +7.5 |
| Settlem't | 877 | +14 | — | ...... |
| Cathodes | | | | |
| Cash | 870.5-1 | +15.5 | 869-70 | +8.25 |
| 3 months | 890.5-1 | +13.5 | 889.5-90.5 | +8.75 |
| Settlem't | 871 | +15.5 | — | ...... |
| U.S. Prod | — | | *81.5-6.25 | ...... |

Amalgamated Metal Trading reported that in the morning copper cash wirebars traded at £875, 75.5, 76, 76.5; three months £898, 99, 900, 01, 900, 01, 900.5, 900, 900.5, 01, 900, 900.5. Cathodes: Cash £869, 70, 71; three months £890.5. Kerb: Wirebars: Three months £900, 900.5, 01, 900, 899. Afternoon: Wirebars: Cash £875; three months £903, 2, 1.5, 1, 900, 900.5, 900, 899.5, 99. Cathodes: Cash £869. Kerb: Wirebars: Three months £898.5, 98, 97, 96, 97, 98, 98.5. Turnover: 22,125 tonnes.

| TIN | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| High Grade | £ | £ | £ | £ |
| Cash | 6500-5 | +110 | 6490-500 | +55 |
| 3 months | 6620-30 | +118 | 6615-20 | +62.5 |
| Settlem't | 6505 | +105 | — | ...... |
| Standard | | | | |
| Cash | 6500-5 | +110 | 6409-500 | +55 |
| 3 months | 6620-30 | +118 | 6615-20 | +62.5 |
| Settlem't | 6505 | +105 | — | ...... |
| Straits E. | $29.55 | -0.07 | | ...... |
| New York | — | | ...... | |

Tin — Morning: Standard: Three months £6,590, 6,600, 10, 20, 10, 15, 20, 25, 30. Kerb: Standard: Three months £6,625, 20. Afternoon: Standard: Three months £6,610, 20, 25, 30, 15, 20. Kerb: Standard: Three months £6,615, 10, 05, 6,600, 6,590, 80, 90. Turnover: 1,165 tonnes.

Lead—Morning: Cash £358, 59.5, 61, 60.5, 60, 59, 58.5: three months £366, 65, 66, 66.5, 67, 67.5, 67, 68. Kerb: Cash £357; three months £364. Afternoon: Three months £363, 62, 66, 67, 67.5, 67, 66.5, 67, 66.5, 66. Kerb: Three months £366, 66.5, 67. Turnover: 10,825 tonnes.

| LEAD | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 358.5-9 | -.75 | 357-8 | -2.5 |
| 3 months | 365.5-6 | -1.5 | 365.5-6.5 | -1.75 |
| S'ment | 359 | -1 | — | ...... |
| U.S. Spot | — | ...... | *38 | ...... |

Zinc—Morning: Cash £422, 23, 22.5; three months £424, 23.5, 24, 25, 24.5. Kerb: Three months £424, 23.5, 24. Afternoon: Three months £422, 23, 22, 22.5, 23, 24, 24.5. Kerb: Three months £421, 22, 23. Turnover: 10,175 tonnes.

| ZINC | a.m. Official | + or — | p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 422-.5 | +4.75 | 420-1 | +6.5 |
| 3 months | 424.5-5 | +5 | 424-.5 | +5.5 |
| S'ment | 422.5 | +4.5 | — | ...... |
| Primw'ts | | ...... | *46.5 | ...... |

Aluminium—Morning: Three months £664, 63.5, 64. Kerb: Three months £664. Afternoon: Three months £663, 64. Turnover: 2,825 tonnes.

| Alumin'm | a.m. Official | + or — | p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Spot | 642-4 | +4 | 642.5-3.5 | -2.5 |
| 3 months | 664-5 | +5.25 | 663-4 | -2.25 |

Nickel — Morning: Three months £3,225, 28, 25, 23. Kerb: Three months £3,220. Afternoon: Three months £3,220. Kerb: Three months £3,215. Turnover: 696 tonnes.

| NICKEL | a.m. Official | + or — | p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| Spot | 3150-60 | +15 | 3150-5 | +17.5 |
| 3 months | 3220-30 | +17.5 | 3215-20 | +15.5 |

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

## SILVER

Silver was fixed 2.6p an ounce higher for spot delivery in the London bullion market yesterday at 521.7p. U.S. equivalents of the fixing levels were: spot $10.15, down 4.1c; three-month $10.599, down 3.8c; six-month $10.99, down 5.3c; and 12-month $11.912, down 8.8c. The metal opened at 518-525p ($10.10-10.25) and closed at 523-530p ($10.20-10.35).

| SILVER per troy oz. | Bullion fixing price | + or — | L.M.E. p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| Spot | 521.70p | +2.6 | 524.5p | +5 |
| 3 months | 537.60p | +2.5 | 540.25p | +4.75 |
| 6 months | 555.10p | +2.5 | — | ...... |
| 12months | 598.00p | +1.8 | — | ...... |

LME—Turnover 77 (93) lots of 10,000 ozs. Morning: Three months 538, 37, 38.5, 37, 38. Kerb: Untraded. Afternoon: Three months 542, 40. Kerb: Three months 540.

## COCOA

Futures remained weak throughout an active day as trade house hedging of further producer sales coupled with commission house stop-loss selling caused prices to trade at five year lows. Modest offtake among manufacturers was encountered on a scale-down basis, reports Gill and Duffus.

| COCOA | Yes'rday's Close | + or — | Business Done |
|---|---|---|---|
| July | 811-812 | -13.0 | 823-808 |
| Sept. | 835-837 | -14.0 | 850-830 |
| Dec. | 874-875 | -12.0 | 883-871 |
| March | 904-905 | -13.0 | 914-903 |
| May | 925-926 | -11.5 | 952-922 |
| July | 943-946 | -10.5 | 952-940 |
| Sept. | 958-965 | -12.0 | 970-960 |

Sales: 4,195 (3,068) lots of 10 tonnes.

ICCO Futures—Daily price for June 10: 74.17 (72.67): five-day average 73.71 (74.44).

## COFFEE

Futures failed to follow through on the previous dramatic reversal and opening prices eased on profit-taking and some stop-loss selling, in moderate volume. Further reaction set in with New York hitting the 6 cent limit loss, before a minor rally left values £20-£34 down, reports Drexel, Burnham and Lambert.

| COFFEE | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| July | 842-45 | -20.0 | 871-50 |
| Sept. | 856-58 | -31.5 | 885-48 |
| Nov. | 857-58 | -29.0 | 881-40 |
| Jan | 850-62 | -33.5 | 880-50 |
| March | 861-65 | -33.5 | 883-57 |
| May | 860-62 | -17.5 | 880 |
| July | 840-70 | -32.5 | — |

Sales: 4,585 (5,918) lots of 5 tonnes.

ICO Indicator prices for June 10 (U.S. cents per pound). Comp. Daily ICA 1978 101.25 (98.25): 20-day average 111.06 (112.03).

## GAS OIL FUTURES

The market traded quietly for most of the day with little price movement. Steady buying throughout the afternoon caused a shrap rally towards the close, causing the market to end on its highs, unchanged to $1.00 higher, reports Premier Man.

| Month | Yesterdys close | + or — | Business Done |
|---|---|---|---|
| | $ U.S. per tonne | | |
| June | 270.00 | -2.50 | 270.00-68.50 |
| July | 273.00 | +0.75 | 273.00-70.25 |
| August | 276.50 | +1.00 | 276.50-74.00 |
| September | 279.75 | +0.25 | 279.75-78.00 |
| October | 284.50 | ...... | 283.75-85.00 |
| November | 288.00 | ...... | 287.50-87.00 |
| December | 293.50 | +0.25 | 295.25-92.00 |
| January | 298.25 | ...... | 297.25-97.25 |
| February | 302.00 | +0.50 | 301.50-01.50 |

Turnover 570 (1,065) lots of 100 tonnes.

## GRAINS

July wheat opened 10p higher and in quiet trading dipped on shipper and country sources selling to close 5p down on the day. New crop wheat opened unchanged, and after a featureless day closed unchanged to 5p lower on the day, Acli reports.

| | WHEAT | | BARLEY | |
|---|---|---|---|---|
| Mnth | Yesterd'ys close | + or — | Yesterday close | + or — |
| July | 116.15 | -0.05 | — | — |
| Sep. | 100.65 | -0.05 | 94.90 | -0.10 |
| Nov. | 104.50 | +0.10 | 98.70 | — |
| Jan | 108.50 | +0.05 | 102.30 | -0.05 |
| Mar. | 112.10 | ...... | 105.80 | — |
| May. | 115.75 | +0.10 | 109.40 | +0.10 |

Business done—Wheat: July 116.35-16.10, Sept 100.70 one trade, Nov 104.50 one trade, Jan no trades, March 112.15-112.05, May no trades. Sales: 58 lots of 100 tonnes. Barley: Sept 95.00-94.90, Nov. 98.70-98.65, Jan 102.25-102.35, March 105.80 one trade, May 109.30-109.40. Sales: 256 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent June 114, July 114.25, Aug 113.75 transhipment East Coast. U.S. Hard Winter 13½ per cent June 114.25, July 113.75, Aug 114.75 transhipment East Coast. English Feed fob Sept 104.50, Oct 106.50 East Coast. Maize: French June 127.50, first half July 128, second half July 128.50 transhipment East Coast. South African Yellow June/July 90.00. Barley: English Feed fob July 277/Aug 10 96.75 South Coast, Oct/Dec 102.50 East Coast, Jan/March 107.50 East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Other milling wheat: S East 115.50, N West 116.00. Feed barley: S East 101.90, S West 104.00, N West 103.80. The Monetary Coefficient for the week beginning Monday June 15 is expected to increase to 0.877.

## RUBBER

The London physical market opened slightly easier, with fair terminal interest throughout the day, closing quietly steady. Lewis and Peat reported a fob July price for No. 1 RSS in Kuala Lumpur of 268.5 (269) cents a kg and SMR 20 (233.5).

| No 1. R.S.S. | Yest'r'ys close | Previous close | Business Done |
|---|---|---|---|
| July | 62.00-62.10 | 61.50-61.60 | 62.00 |
| August | 63.10-63.30 | 62.50-62.90 | 63.00 |
| Jly-Sept | 63.10-63.30 | 62.50-62.90 | 63.20-62.80 |
| Oct-Dec | 66.00-66.10 | 65.30-65.50 | 66.20-65.40 |
| Jan-Mar | 68.80-68.90 | 68.30-68.40 | 69.20-68.20 |
| Apl-Jne | 71.70-71.80 | 71.50-71.40 | 71.20-71.10 |
| Jly-Sept | 74.60-74.70 | 74.20-74.30 | 74.40 |
| Oct-Dec | 77.60-77.70 | 77.10-77.20 | 77.70-77.60 |
| Jan-Mar | 80.50-80.70 | 80.10-80.20 | 80.50-80.40 |

Sales 380 (158) lots of 15 tonnes. 9 (1) at 5 tonnes. Physical closing prices (buyer) were: Spot 60.00p (same): July 62.00p (61.50p); Aug. 62.00p (same).

## SOYABEAN MEAL

The market opened with gains of 50p on fresh commission house buying, reports T. G. Roddick. Prices continued steady particularly in forward contracts closing with gains of £1.50.

| | Yesterdys Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| June | 133.50-35.0 | +1.25 | 133.50 |
| August | 133.40-34.0 | +0.60 | 133.80-33.10 |
| October | 137.90-38.0 | +1.15 | 138.00-37.20 |
| December | 140.40-40.6 | +1.25 | 140.40-39.00 |
| February | 145.50-43.5 | +1.75 | 142.80-42.50 |
| April | 145.50-46.0 | +2.00 | — |
| June | 143.50-46.5 | +2.50 | — |

Sales: 129 (189) lots of 100 tonnes.

## SUGAR

LONDON DAILY PRICE—Raw sugar £209.00 (same) a tonne cif June-July shipments. White sugar daily price £221.50 (£223.00).

The market remained under liquidation pressure throughout the day despite good support scale-down and closed £5 below first traded levels, reports C. Czarnikow.

| No. 4 Con-tract | Yest'rdy's Close | Previous Close | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| Aug. | 204.50-04.70 | 213.90-13.95 | 214.00-05.25 |
| Oct. | 206.05-06.25 | 215.45-15.70 | 215.75-04.50 |
| Jan. | 207.00-07.50 | 215.90-15.95 | 211.00-10.75 |
| March | 209.75-10.25 | 218.15-18.20 | 218.25-08.50 |
| May | 211.00-11.50 | 218.80-19.20 | 213.25-10.00 |
| Aug | 212.50-13.00 | 219.60-21.45 | 217.00-13.00 |
| Oct. | 215.05-15.50 | 221.05-25.95 | 215.50-16.00 |

Sales: 7,711 (6,485) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.6 (same) a tonne for home trade and £316.0 (£316.5) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for June 10: Daily price 16.80 (16.55): 15-day average 16.68 (16.52).

## WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kilo. July 500.0, 501.0, 501.0-499.0; Oct. 494.5, 496.0, 495.0-491.0; Dec. 502.0, 503.0, 502.5-500.0; Mar. 508.0, 509.0, 508.0-507.0; May 513.5, 514.0, 515.0; July 517.0, 519.0, 519.0; Oct. 517.0, 518.0, 518.0; Dec. 521.0, 522.0, 522.0. Sales: 80.

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Aug. 385, 405, nil; Oct. 387, 393, nil; Dec. 389, 392, 391-390; Jan. 389, 393, 391-390; March 397, 402, 399-398; May 404, 408, 405; Aug. 418, 421, 420-419; Oct. 421, 426, 424-422; Dec. 423, 426, 425-423. Sales: 92.

LIVERPOOL—Spot and shipment sales amounted to only 7 tonnes, bringing the total for the week so far to 125 tonnes. Currency problems again dominated the market and users avoided commitments. A slack demand ensued, with the offtake in Middle Eastern growths rarely of any size.

## POTATOES

LONDON POTATO FUTURES—The market was initially firmer, but trade selling later moved prices back to overnight levels, before slight firming again towards the close, reports Coley and Harper. Closing prices: Nov 57.40, +0.1 (high 57.70, low 57.30); Feb 66.40, +0.2 (high 66.50, low 66.20); April 73.60, +0.3 (high 73.60, low 73.20). Turnover: 137 (192) lots of 40 tonnes.

★

HIDES—Manchester: the market was virtually unchanged. Second clears. Ox: 31-35.5 kg, 41.5p a kg (41.2p a kg); 26-30.5 kg, 43.3p a kg (43.3p a kg); 22-25.5 kg, 48.2p a kg (48.5p a kg). Light cows: 25.5 kg, 43.0p a kg (40.5p a kg).

## MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 76.0 to 80.0; Ulster hindquarters 88.0 to 94.0, forequarters 55.0 to 59.0; Eire hindquarters 87.0 to 92.0, forequarters 55.0 to 57.0. Veal: Dutch hinds and ends 128.0 to 132.0. Lamb: English small 80.0 to 84.0, medium 76.0 to 83.0; Imported frozen: New Zealand PL 69.0 to 70.0, PM 68.0 to 69.0. Pork: English, under 100 lb 47.0 to 52.0, 100-120 lb 45.0 to 51.0, 120-160 lb 43.0 to 50.0.

MEAT COMMISSION—Average fatstock prices at representative markets on June 11. GB—Cattle 96.16p per kg lw (−0.01). UK—Sheep 177.83p per kg est dcw (−8.81). GB—Pigs 79.20p per kg lw (+1.54).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported produce: Oranges—Outspan: Navels 48 4.90, 56 5.30, 72 4.60, 88 4.20, 112 4.10, 138 4.00, 150 3.60; Californian: 88/138 3.80-4.80. Jaffa: Valencia Lates 56/189 4.30-5.00; Moroccan: Lates 48/113 3.30-5.00. Lemons—Spania: Trays 25/50 2.00-2.20, Boxes 80/100 5.30; Californian: 115/140 5.50; Italian: 100/120 4.50-4.80; Outspan: 80/100 5.00; Jaffa: Cartons 60/90 4.20-5.00. Grapefruit—Outspan: 40 3.90, 48 3.95, 56 3.85, 64 3.60; Cypriot: 20-kg 40/64 5.50; Jaffa: 20-kg 36/75 3.85-4.75. Apples—S. African: Granny Smith 6.50-6.80, Golden Delicious 6.00-6.50, Starking 7.30-7.80; Chilean: Granny Smith 6.80-7.20; Winesaps 8.50; New Zealand: Granny Smith 7.40, Sturmer Pippins 7.50-7.80, Golden Delicious 8.00, Red Delicious 8.00; Tasmanian: Jonathans 6.807.00, Granny Smith 7.00, Sturmer Pippins 7.50; W. Australian: Granny Smith 7.80; Victorian: King Coles 7.80; U.S. Red Delicious 9.50-10.50; French: Golden Delicious 40-lb 125/175 3.80-4.80; Italian: 40-lb Romes 60/70 4.40-4.60; British Columbian: McIntosh Reds ½ cartons 70/80 4.50. PEARS—Belgian: Conference per lb 0.10-0.12; S. African: Packhams 6.00-6.80, Nelis 5.60; Tasmanian: Packhams 40-lb 6.80-7.20; New Zealand: Packhams 7.80; Victorian: Packhams 7.80-8.50. Nectarines—Spanish: 37/42 4.20-6.00. Plums—Spanish: Red 4/5s 4.40-5.00, Rosas 4/6s 4.00-5.00; Japanese: 3/5s 2.75-4.00. Apricots—Spanish: 11-lb 2.20-3.50. Cherries—U.S.: 18-lb, per lb 0.90; French: 11-lb, per lb 0.45-0.50; Italian: 0.50-0.70; Turkish: 0.60. Gooseberries—Hungarian: 12-lb 3.60. Grapes—Chilean: Almeria 11-lb 7.00, Red Emperor 5.20; Israeli: Perlette 9-lb 6.50. Melons—Israeli: Carmel Yellow 6/12 5.50; Chilean: 15-lb 6/12 8.00, white 8/12 5.00; Spanish: 10-kg Yellow 5.50. Water Melons—Spanish: 3.60-5.00. Strawberries—N.S. 12-oz 1.00; Italian: 8-oz 0.25-0.30; Spanish: 0.25. Peaches—Spanish: Yellow 35/48 2.00-3.00; Italian: Standard trays B/D 2.00-3.50. Pineapples—Ivory Coast: Each 0.40-1.00; S. African: Shelford 5/9 2.60-2.80. Bananas—Colombian: Per lb 0.17-0.18. Avocados—Florida: 20/24 6.00; S. African: 14/16 4.00. Tomatoes—Dutch: 13-lb 3.40. Onions—Chilean: 7.50; Canary: 25-kg 8.00; Tasmanian: 44-lb 8.50; Israeli: Carmel 8.50; Spanish: Babosa 4/6 8.00; Texas: 50-lb 8.50. Potatoes—Jersey: New, per lb 0.08; Cypriot: 44-lb bags 3.60; Canary: 25-kg 8.00; Italian: 55-lb 4.50. Capsicums—Spanish: 6-kg green 3.00, red 8.50. Chicory—Belgian: Per box 5.00. Celery—U.S. 24 jumbo pack 9.50. Fennel—Italian: 20-lb 7.50. Aubergines—Dutch: 5-lb 4.60. Carrots—Texas: 48 x 1-lb pre-pack 10.00; Dutch: New 22-lb 4.50; Cypriot: 22-lb 3.20; Italian: 20-lb 3.30; French: Nantes 26-lb 4.40. Beetroots—Cypriot: New 28-lb 3.00. Broad Beans—French: 12-lb, per lb 0.20.

English produce: Potatoes—Per 55-lb bag, old 2.50-3.40, new Jent 4.00-4.40. Mushrooms—Per lb 0.50-0.60. Apples—Per lb Bramleys 0.08-0.15. Cauliflowers—Per 12, Kent 3.50-4.50. Cabbages—Per bag 3.20, Spring 22-lb 3.60-4.20. Lettuce—Per 12, round 1.00-1.50, Cos 10/12 2.00-2.20. Tomatoes—Per 12-lb 3.40, E 3.20. Radishes—Per pack of 12 x 8 oz 1.60, bunches of 15 1.20. Onions—Per tray x 20 bunches, spring 1.50. Celery—Per 15/24 5.50-8.00. Cucumbers—Per 10/20 1.00-1.20. Gooseberries—Per 12-lb 2.40.

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GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.40-£5.50, codlings £2.50-£4.00. Large haddock £5.50-£5.80, medium £4.50-£5.20, small £2.80-£3.80. Large plaice £4.60-£5.00, medium £4.00-£5.00, best small £3.80-£4.60. Skinned dogfish (large) £11.00, (medium) £8.00. Lemon soles (large) £9.00, (medium) £8.00. Rockfish £1.40. Saithe £1.60-£2.20.

## PRICE CHANGES

In tonnes unless otherwise stated.

| | June 11 1981 | + or — | Month ago |
|---|---|---|---|
| **Metals** | | | |
| Aluminium | £810/815 | ...... | £810/815 |
| Free Mkt | $1255/1285 | ...... | $1285/325 |
| Copper | | | |
| Cash w'bar | £874.75 | +7 | £835 |
| 3 mths. | £899.75 | +7.5 | £858.75 |
| Cash Cathode | £869.5 | +8.25 | £826.5 |
| 3 mths. | £890 | +8.75 | £846.5 |
| Gold troy oz | $465.5 | ...... | $477.5 |
| Lead Cash | £357.5 | -2.5 | £325.5 |
| 3 mths. | £365 | -1.75 | £335.25 |
| Nickel | £3,504.50 | ...... | £3,504.50 |
| Freemkt | 275/285c | ...... | 295/310c |
| Platin'mtr'y oz | £247.0 | ...... | £230 |
| Freemkt | £228.00 | +2.2 | £223.40 |
| Quicksilver† | $425/435 | ...... | $425/435 |
| Silver troy oz | 521.70p | +2.6 | 525.95p |
| 3 mths. | 537.60p | +2.5 | 540.75p |
| Tin Cash | £6,495 | +55 | £6,190 |
| 3 mths. | £6,617.5 | +62.5 | £6,272.5 |
| Tungsten 22.04lb | $143.75 | ...... | $147.31 |
| Wolfrm 22.04 lb | $146/149 | +1 | $142/146 |
| Zinc Cash | £420.5 | +6.5 | £413.5 |
| 3 mths. | £424.25 | +5.5 | £423.75 |
| Producers | $925 | ...... | $875 |
| **Oils** | | | |
| Coconut (Phil) | $585r | +25 | $550 |
| Groundnut | $575r | ...... | |
| Linseed Crude | £442 | ...... | £430 |
| Palm Malayan | $635z | ...... | $560 |
| **Seeds** | | | |
| Copra Philip | $380v | +5 | $385 |
| Soyabean (U.S.) | $298 | +3 | $310 |
| **Grains** | | | |
| Barley Fut. Sep | £94.90 | -0.10 | £95.40 |
| Maize | £127.5 | -0.5 | |
| Wheat Fut. Sept | £100.65 | -0.05 | £101.40 |
| No2 Hard Wint | £114.25 | +2 | £106.75 |
| **Other commodities** | | | |
| Cocoa ship't* | £897 | -14 | £1,006 |
| Future Sept | £836.5 | -14 | £905.5 |
| Coffee Ft Sept | £857 | -31.5 | £1046.5 |
| Cotton A.Index | 86.75c | +0.05 | 87.35c |
| Gas oil July | $273 | +0.75 | $277.5 |
| Rubber (kilo) | 60p | ...... | 54.5p |
| Sugar (Raw) | £209r | ...... | £173 |
| Woolt'ps 64s kl. | 358p kilo | +6 | 357p kilo |

‡ Unquoted. v June-July. w July-Aug. y July. z Aug. † Per 76-lb flask. * Ghana cocoa.

# AMERICAN MARKETS

NEW YORK, June 11.

Gold was slightly lower on local selling while dealer buying provided support in silver and copper. Sugar fell sharply on commission house and local selling. Coffee after sharp sharp declines, firmed late in the day on trade buying. Commission house and trade selling continued to pressure values in cocoa, while cotton continued to decline on technical selling. Short-covering firmed heating oil ahead of the outcome of the Arab League meeting, reported Heinold.

Copper—June 78.25 (77.95), July 78.75-78.90 (78.65), Aug. 80.05, Sept. 81.00-81.10, Dec. 84.70-84.80, Jan. 85.75, March 88.00, May 89.90, July 91.95, Sept. 94.00, Dec. 97.10, Jan. 98.15, March 100.25.

*Platinum—June 445.9 (441.8), July 447.5-448.3 (444.8), Aug. nil, Oct. 463.5-465.5, Jan. 481.6, April 498.6, July 515.7.

Potatoes (round whites)—Nov. 74.0-74.4 (74.5), Feb. 80.0-82.0 (81.0), March 85.0-85.5, April 95.7-96.0. Sales: 181.

¶Silver—June 1035.5 (1020.0), July 1041.0-1045.0 (1028.2), Aug. 1057.5, Sept. 1070.0-1073.0, Dec. 11114.0, Jan. 1127.7, March 1152.0, May 1181.7, July 1208.7, Sept. 1235.7, Dec. 1276.7, Jan. 1290.5, March 1317.5. Handy and Harman bullion spot 1024.00 (1017.00).

Sugar—No. 11: July 15.85-15.94 (16.84), Sept. 16.05-16.15 (16.88), Oct. 16.51, Jan. 16.70, March 16.83, May 18.93, July 17.18, Sept. 17.35, Oct. 17.30-17.35. Sales: 9,650.

Tin—580.00-590.00 (577.00-591.00).

CHICAGO, June 11.

Lard—Chicago loose 19.75 (same).

Live Cattle—June 70.60-70.70 (70.45), Aug. 68.70-68.65 (68.85), Oct. 65.70-65.50, Dec. 66.50-66.35, Feb. 67.60-67.55, April 68.75, June 69.90.

Live Hogs—June 50.30-50.25 (51.22), July 55.60-55.65 (56.57), Aug. 56.50-56.40, Oct. 54.50-54.40, Dec. 55.9-56.10, Feb. 56.70-57.00, April 55.55, June 58.00, July 58.00.

‡‡Maize—July 345-345½ (350¼), Sept. 350½-350¾ (355), Dec. 356-356½, Mar. 368½-369, May 375, July 378¼-378½.

Pork Bellies—July 55.85-55.85 (57.85), Aug. 55.57-55.57 (57.57), Feb. 69.50-69.70, Mar. 69.75, May 70.70, July 72.50, Aug. 71.60.

†Soyabeans—July 724-725 (737¾), Aug. 729-728½ (740½), Sept. 734-734½, Nov. 749-750, Jan. 768½-769, Mar. 789, May 806, July 819.

‖Soyabean Meal—July 208.8-209.2 (211.9), Aug. 210.5-210.7 (213.4), Sept. 213.0-212.8, Oct. 214.3-214.5, Dec. 219.5-220.0, Jan. 223.0-223.5, Mar. 29.5, May 233.5-234.0, July 237.0-238.0.

Soyabean Oil—July 22.38-22.40 (22.62), Aug. 22.60-22.82 (23.05), Sept. 23.20, Oct. 23.60-23.65, Dec. 24.20-24.25, Jan. 24.50, Mar. 25.10, May 25.42-25.45, July 25.72-25.75, Aug. 25.89-25.90.

†Wheat—July 406¼-406 (413¾), Sept. 424 (431¼), Dec. 448½-448, Mar. 470-471, May 480½-481, July 485.

WINNIPEG, June 11.

§Barley—July 144.80 (145.30), Oct. 140.50 (141.30), Dec. 140.50, Mar. 142.20, May 143.30.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 252.64 (256.94).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

*Gold—June 466.2 (466.8), July 469.5 (470.5), Aug. 475.0-476.5, Oct. 487.6, Dec. 498.5-500.0, Feb. 510.5, April 523.8, June 535.7, Aug. 547.8, Oct. 560.0, Dec. 570.5, Feb. 584.7, April 597.3.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

## Wednesday's closing prices

††Cocoa—July 1446 (1451), Sept. 1530 (1529), Dec. 1631, March 1710, May 1768, July 1823, Sept. 1885. Sales: 2,030.

Coffee — "C" Contract: July 102.50-102.75 (93.89), Sept. 103.90 (97.96), Dec. 101.40-101.72, March 99.68, May 100.90, July 97.31, Sept. 97.01-98.00. Sales: 2,435.

Cotton—No. 2: July 81.76-81.90 (82.29), Aug. 81.55 (82.40), Oct. 78.70-78.90, Dec. 77.12-77.25, March 78.90, May 80.10-80.20, July 82.10, Oct. 81.60. Sales: 5,700.

Heating oil (cents per U.S. gallon)—July 0.9075 (0.9052), Aug. 0.9100 (0.9129), Sept. 0.9200, Oct. 0.9350, Nov. 0.9500, Dec. 0.9651, Jan. 0.9800, Feb. 0.9920, March 0.9950, April 0.9955, May 1.0200, June Nil, July 0.9930, Aug. 1.0000. Turnover: 4,475.

Orange Juice — July 131.10-131.20 (133.95), Sept. 134.50-134.80 (137.55), Nov. 136.50, Jan. 140.00, March 141.50-141.60, May 142.85-143.10, July 144.25-144.50, Sept. 145.65-146.00, Nov. 146.50-147.00. Sales: 2,300.

CHICAGO, June 10.

Chicago Imm Gold — June 467.0 (458.7), July 470.5 (462.5) Sept. 483.2-482.5, Oct. 468.8, Dec. 500.0, Jan. 506.7, March 520.0, April 524.7, June 538.0.

NEW ORLEANS—Milled Rice Futures (cents per cwt of U.S. No 2 long grain): Sept. 2392 (2395), Nov. 2296 (2293), Jan. 2343, March 2375, May 2382½.

# EUROPEAN MARKETS

ROTTERDAM, June 11.

Wheat—(U.S. $ per tonne): U.S. No. 2 Dark Hard Winter, 13.5 per cent, June/July 206, Aug. 208, Sept. 211. U.S. No. 2 Red Winter June 157, July 158.50. U.S. No. 2 Northern Spring, 14 per cent, June 201, July/Aug. 203, Sept. 205.50, Oct. 209, Nov. 213.

Maize—(U.S. $ per tonne): U.S. No. 3 Corn Yellow afloat June 157.50, July/Sept. 160.50, Oct./Dec. 165, Jan./March 171.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow Gulfports June 293, July 295, Aug. 296.50, Sept. 296, Oct. 301, Novx. 301.50, Dec. 306.75, Jan. 312.50, Feb. 317.50, March 321.50. Options June 287, July 287.50, Aug. 290.50, Sept. 294 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein. U.S. afloat June 252, July 254, Aug. 257, Sept. 260, Oct. 266, Nov./March 275. Brazil Pellets afloat 260 traded, June 258, July 261, Aug. 266, Sept. 270, Nov./March 292.50 sellers.

PARIS, June 11.

Cocoa—(FFr per 100 kg): July 935 asked, Sept. 950-966, Dec. 991-1000, March 1038-1042, May 1057-1063, July 1073-1081. Sales at call: Nil.

Sugar — (FFr per tonne): July unquoted, Aug. 2393-2400, Oct. 2380-2390, Nov 2370-2400, Dec. 2380-2405, March 2450-2470, May 2460-2510, July 2485-2520. Sales at call: 2.

## INDICES

### FINANCIAL TIMES

| June 10 | June 9 | Month ago | Year ago |
|---|---|---|---|
| 252.43 | 251.19 | 252.77 | 266.45 |

(Base: July 1, 1952=100).

### MOODY'S

| June 10 | June 9 | Month ago | Year ago |
|---|---|---|---|
| 1083.6 | 1083.9 | 1083.9 | 1126.2 |

(December 31, 1931=100)

### DOW JONES

| Dow Jones | June 10 | June 9 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 383.98 | 382.88 | 386.52 | 429.66 |
| Fut'r s | 386.27 | 383.83 | 396.85 | 440.54 |

(Average 1924-25-26=100)

### REUTERS

| June 11 | June 10 | M'nth ago | Year ago |
|---|---|---|---|
| 1756.3 | 1753.2 | 1686.2 | 1670.4 |

(Base: September 18, 1931=100)

# LONDON STOCK EXCHANGE

# Conviction of big cash call on equity funds persists
# Trade restrained and share index falls 6.1 to 536.2

**Account Dealing Dates**

| Option *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| May 18 | May 28 | May 29 | June 8 |
| June 1 | June 11 | June 12 | June 22 |
| June 15 | June 25 | June 26 | July 6 |

* "New-time" dealings may take place from 9.30 am two business days earlier.

The conviction that a big cash call will soon be made on the London equity market continued to restrain investment interest yesterday. Most sectors suffered the adverse affects of persisting speculation that **British Petroleum** will shortly announce either a Convertible or multi-currency offering involving sums in excess of £500m. Business in BP yesterday was relatively light, but the uneasy trend in oils was aggravated by the decision of other major petrol suppliers to follow BP's recent example and withdraw pump price support subsidies.

Electricals came under a certain amount of selling pressure; fears of a tightening in Government defence budgets brought double-figures falls in the likes of **GEC** and **Plessey**, and closing values were only a shade above the day's worst. Further comment about UK clearing banks being vulnerable to U.S. bid approaches touched off an early flurry of support for selected issues but enthusiasm waned and earlier gains were halved by the close. Measuring the performance of leading shares, a 10 am fall of only 1.5 in the FT Industrial Ordinary share index was extended to 7.3 two hours later before a close of 6.1 down on balance at 536.2.

This week's upturn in Gilt-edged securities also came to a halt. Revived firmness in the dollar and the subsequent fall in sterling generated caution with the result that recent buyers went to ground. Longer-dated stocks were soon around ½ lower, and attempted recoveries failed to hold until after the official close. The losses were then reduced by ¼ and sometimes ½. Shorter maturities were barely affected by higher money market rates and rarely ended more than ¼ lower. Against the trend, Treasury 9¼ per cent 1983 attracted buyers in ex-dividend form and improved ⅛ to 93.

Yesterday saw 736 puts arranged in a total of 1,424 deals in the Traded Options market, which had its busiest day since trading in puts started towards the end of last month. Just over 500 trades were dealt in BP on continuing talk of an imminent large cash call. Of the 688 calls transacted, 86 were done in BP, while Racal attracted 232 puts.

In the Unlisted Securities Market, **Allied Residential** shed 4 to 30p compared with the recent placing price of 35p.

## Lloyds and Midland up

Press comment highlighting on the overseas bid potential prompted gains in **Lloyds** and **Midland**; the former touched 358p before closing 5 better at 355p, while the latter ended a similar amount dearer at 335p, after 340p. **Bank of Scotland** were also supported on bid hopes and the close was 6 higher at 378p, after 380p. **Royal Bank of Scotland**, however, cheapened 5 to 181p on profit-taking and Grindlays relinquished 4 to 196p. In merchant banks, **Hill Samuel** rose 5 to 152p, after 154p, in response to good annual results, while **Brown Shipley** held the overnight level of 445p following the proposed 100 per cent scrip-issue and the results. **Hambros** lost 15 to 860p; the preliminary figures are due on June 23.

Composite Insurances encountered further profit-taking in the wake of Allianz's acquisition of a 28.1 per cent stake in **Eagle Star**; the latter drifted down to 279p but rallied to close a penny firmer on balance at 283p. **General Accident** lost 6 to 312p and **London United** 7 to 193p. **GRE** softened 2 to 296p and the new nil-paid fell 4 more to 44p premium. Elsewhere, **Pearl** shed 8 to 386p following the chairman's remarks at the annual meeting about a slack start to the current year.

In Breweries, **Guinness** edged up 2 to 74p awaiting today's interim statement.

Leading Building issues were subjected to sporadic small selling. **Blue Circle**, 462p, **Redland**, 171p, and **Tarmac**, 362p, all shed 6. **Barratt Developments** remained on offer and cheapened another 5 to 207p, while **Brown and Jackson**, preliminary results today, softened 3 to 73p. Against the trend, **Feb International**, 100p, and the A, 94p, improved 2 apiece, while **G. H. Downing** attracted fresh speculative interest and firmed 6 to 224p on hopes that Hanson Trust would increase its bid for the company.

Interest in **ICI** was at a low ebb and the price drifted off to close 4 cheaper at 274p. **Plysu** improved a couple of pence to 92p, the one-for-ten scrip issue proposal outweighing the lower annual profits.

## Cornell Dresses react

Profit-taking after the recent good rise on talk of a pending broker's circular clipped 6 from **Polly Peck**, at 302p, and 7 from **Cornell Dresses**, at 155p, after 148p. Elsewhere in Stores, **Martin the Newsagent** came on offer at 246p, down 11. **H. Samuel A** gave up 4, to 150p, following comment on the second-half profits decline but **J. T. Parrish** rose 6 afresh to 176p with sentiment still buoyed by the strong profits recovery and the resumption of dividends. **W. H. Smith A** lost 4 to 172p following the chairman's AGM statement.

The reference by the chairman of **Westland** about a tightening of defence budgets helped to generate selling of the Electrical leaders. Final quotations were a few pence above the worst, with **GEC** closing 13 lower at 670p, after 668p. **Plessey** fell 9 to 308p and **Racal** 7 to 358p, while **Thorn** ended 6 cheaper at 374p. **Ferranti**, however, moved against the trend at 500p, up 5p, following news of the breakthrough in making a special silicon chip which can sharply reduce the cost of many electronic systems. Elsewhere, **Kode** lost 10 to 295p, but continued speculative demand lifted **Lec Refrigeration** 6 further to 212p.

**Vickers** encountered selling along with other defence issues and closed around the day's lowest with a fall of 6 at 169p. Apart from **GKN**, down 5 at 150p, losses in other leading Engineers were usually limited to a couple of pence. **Westland**, still reflecting the warning on second-half trading, fell 8 more to 136p. **Laird Group** responded to the £26m order for Cammell Weyman Metrobuses with a rise of 5 to 124p, while **A Cohen** advanced 15 to 290p on the increased dividend and annual profits. Satisfactory preliminary figures also left **Staveley Industries** 4 dearer at 242p and **600 Group** 2½ higher at 71p. Renewed demand in a limited market lifted **Vosper** 15 more to 145p, but further consideration of the interim results prompted a reaction of 5 to 160p in **B. Elliott**.

**British Sugar** hardened a couple of pence to 315p, after 317p, still well below S. & W. Berisford's offer worth 335p per share; the latter was thought to be buying in the market again yesterday. Elsewhere in the Food sector, **Tate and Lyle** eased 4 to 180p. **Watson and Philip**, interim results July 9, improved 1½ to 43½p, while **J. N. Nichols (Vimto)**, a thin market, added 8 to 230p. By contrast, **Nurdin and Peacock** lacked support and shed 7 to 228p.

## Pilkington nervous

Nervous offerings in front of today's preliminary figures left **Pilkington** 10 off at 290p. Other miscellaneous industrial leaders continued to drift lower on persisting speculation that BP will announce a substantial fund-raising call early next week. **Reckitt and Colman** lost 6 to 268p and **Bowater** cheapened 4 to 263p. Elsewhere, **Smiths Industries** fell 15 to 385p on a combination of adverse comment and defence cut fears. **British Aerospace** declined 6 to 220p and **BTR** lost 8 to 314p, the latter reflecting recent large share sales by directors and their families. **Continuous Stationery**, 35p, **Bureo Dean**, 30p, and **Valor**, 64p, all shed a couple of pence following trading statements, while **Cawoods** fell 4 more to 200p on fading bid hopes. **Sidlaw Industries**, on the other hand, added 9 to 156p in response to the better-than-expected half-year figures and **Hanson Trust** rose 10 to 282p after comment on the interim results. Far-Eastern influences prompted gains of 6 and 8 respectively in **Hutchison Whampoa**, 201p, and **Jardine Matheson**, 248p.

**Fairline Boats** dropped 8 to 47p following the poor interim results and dividend cut.

**Lucas** closed 7 down at 188p, after 186p, unsettled by the possibility of strike action and on adverse Press comment on the Motor Component industry. **Lotus Car**, up 5 on Wednesday on news that the company had signed a co-operation agreement with Toyota, touched 34p before closing a net penny dearer at 33p.

**William Collins** dropped 30 to 223p and the A7 to 148p on the possibility that News International, which is currently bidding 200p per share for the Collin's ordinary shares and 150p per share for the A, may be content to settle for being Collins' largest shareholder.

A touch firmer at first, Properties lost impetus around mid-day and the leaders drifted back to close virtually unchanged. **Great Portland Estates**, however, firmed 6 to 232p in response to the increased annual revenue and proposed 20 per cent scrip issue, while recent speculative favourite **Daejan** added another 5 to 195p. **Carlton Real Estates** hardened a fraction to 28½p following the annual results and proposed £1.85m acquisition of Rogate, a private property concern, while demand in a thin market lifted **Ewart New Northern** 20 to 170p. **Rosehaugh** lacked support and dipped 12 to 290p, while **North British Properties** eased 8 to 184p. **Daon Development Corporation**, down 80 on Wednesday on sharply reduced first-half earnings, rallied 25 to 485p.

## BP fluctuate

**BP** remained depressed by continuing talk of a substantial rights issue but, after easing to 350p, recovered on bear closing to settle at 354p for a fall of only 2 on balance. **Shell** closed similarly lower at 346p; the company announced the withdrawal of petrol discounts in line with BP's recent move. Elsewhere, **Sovereign** were supported and put on 10 to 310p, while **Tricentrol** firmed 6 to 236p with the aid of a broker's circular. Late demand lifted **Global Natural Resources** 75 to 985p.

In Overseas Traders, **James Finlay** rose 3 to 121p following the satisfactory preliminary results.

## Australians rally

The two main sectors of mining markets, Australians, and South African Golds, made good progress.

Australians moved ahead strongly in the wake of overnight domestic markets. In the leaders, **Pancontinental** were outstanding and advanced 35 to 420p. **Western Mining** rose 15 to 320p and **Gold Mines of Kalgoorlie** put on 10 to 400p.

The oil stocks with interests in the Canning Basin staged a strong recovery with **ACM** 7 ahead at a year's high of 35p. **Swan Resources** 5 up at 68p and **Eagle Corporation** 4 firmer at 46p. Oil-shale issues were mixed.

South African Golds made good progress in late trading after an uncertain start. Initial lack of interest was followed by light U.S. interest and prices moved ahead prior to closing a fraction below the day's best. The Gold Mines index rose 5.3 to 341.0. The bullion price moved narrowly before closing unchanged at $465.50 an ounce.

The Gold Fields mines continued to gain ground with **West Driefontein** ⅜ up at £40¼, **East Driefontein** a like amount better at £14¼ and **Kloof** ¼ harder at £14⅝. **Libanon** rose 34 to 975p and **Venterspost** 18 more to 552p The only weak spot in the Gold Fields group was **Deelkraal** which dropped 11 to 164p, still reflecting the passing of the interim dividend.

London-registered Financials fell in the wake of the UK equity market. **RTZ** gave up 10 to 495p, **Gold Fields** 8 to 472p and **Tanks** 5 to 290p.

In Tins, **Geevor** met further selling and dropped 10 more to a 1981 low of 105p on consideration of the dividend omission and continued losses in the second half.

## FINANCIAL TIMES STOCK INDICES

| | June 11 | June 10 | June 9 | June 8 | June 5 | June 4 | A year ago |
|---|---|---|---|---|---|---|---|
| Government Secs. | 65.83 | 66.19 | 65.81 | 65.77 | 64.94 | 66.05 | 68.28 |
| Fixed Interest | 67.24 | 67.25 | 67.21 | 67.17 | 67.28 | 67.72 | 68.81 |
| Industrial Ord. | 536.2 | 542.3 | 545.6 | 547.9 | 546.3 | 555.6 | 448.5 |
| Gold Mines | 341.0 | 335.7 | 338.9 | 332.2 | 357.8 | 353.4 | 329.0 |
| Ord. Div. Yield | 6.01 | 5.94 | 5.91 | 5.90 | 5.92 | 5.82 | 8.00 |
| Earnings, Yld. % (full) | 11.96 | 11.81 | 11.76 | 11.72 | 11.80 | 11.57 | 19.28 |
| P/E Ratio (net) (*) | 10.44 | 10.57 | 10.61 | 10.64 | 10.57 | 10.78 | 6.31 |
| Total bargains | 19,062 | 19,103 | 19,74 | 20,831 | 20,546 | 19,127 | 21,166 |
| Equity turnover £m. | — | 223.39 | 131.85 | 110.80 | 168.64 | 159.89 | 125.13 |
| Equity bargains | — | 14,410 | 15,469 | 16,411 | 15,849 | 15,181 | 16,923 |

10 am 540.8. 11 am 537.0. Noon 535.0. 1 pm 535.1.
2 pm 535.1. 3 pm 534.8.
Latest Index 01-246 8026.
*Nil=9.65.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

## HIGHS AND LOWS

| | 1981 High | 1981 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|
| Govt. Secs. | 70.61 (20/5) | 64.94 (5/6) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 72.01 (20/5) | 67.17 (8/6) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 597.3 (30/4) | 446.0 (14/1) | 597.3 (30/4/81) | 49.4 (26/6/40) |
| Gold Mines | 421.1 (6/1) | 281.4 (28/1) | 558.9 (22/9/80) | 43.5 (26/10/71) |

## S.E. ACTIVITY

| | June 10 | June 9 |
|---|---|---|
| —Daily | | |
| Gilt Edged Bargains | 199.4 | 206.7 |
| Equities Bargains | 93.4 | 100.2 |
| Value | 451.5 | 266.5 |
| 5-day Avrge. | | |
| Gilt Edged Bargains | 193.8 | 184.5 |
| Equities Bargains | 98.9 | 98.6 |
| Value | 321.2 | 283.6 |

## NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

### NEW HIGHS (57)

BRITISH FUNDS (1)
AMERICANS (14)
CANADIANS (1)
BANKS (6)
BEERS (2)
BUILDINGS (6)
CHEMICALS (1)
ELECTRICALS (3)
ENGINEERING (6)
FOODS (2)
INDUSTRIALS (10)
INSURANCE (2)
MOTORS (2)
PAPER (2)
PROPERTY (1)
SHIPPING (2)
TEXTILES (3)
TRUSTS (2)
MINES (1)

NEWSPAPERS (2)
Intl. Thomson — Intl. Thomson Conv.
PROPERTY (6)
Allied London — London Shop Prop.
British Land — Peachey
Do. 12pc Conv. — Town Centre
TRUSTS (2)
Energy Finance — London Merchant
OIL & GAS (6)
Atlantic Resources — Imp. Cont. Gas
BP — [illegible]
Global Nat. Res. — Texaco 4¾pc Conv.
OVERSEAS TRADERS (1)
Borthwick (Thos.)
MINES (8)
Sth. African Land — Kitchener
Canada Northwest — North West Mining
Hampton Gold — Ayer Hitam
Int. Mining

### NEW LOWS (37)

BUILDINGS (1)
Meyer (M. L.)
STORES (4)
Greenfields — Paradise (B.)
Jones (Ernest) — Pawson (W. L.)
ENGINEERING (2)
Astra Ind. — Brockhouse
INDUSTRIALS (4)
Boots — Unochrome
Ricardo — Williams (J.)
LEISURE (1)
HTV Non-Vtg.

## RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 5 | 78 | 13 |
| Corpns., Dom. and Foreign Bonds | 13 | — | 54 |
| Industrials | 147 | 407 | 811 |
| Financial Props. | 43 | 177 | 274 |
| Oils | 27 | 27 | 34 |
| Plantations | 5 | 5 | 13 |
| Mines | 69 | 35 | 62 |
| Others | 78 | 43 | 60 |
| Totals | 387 | 772 | 1,321 |

## ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

| Stock | Closing price pence | Day's change | Stock | Closing price pence | Day's change |
|---|---|---|---|---|---|
| Collins (Wm.) | 223 | −30 | Midland Bank | 335 | +5 |
| Cornell Dresses | 155 | −7 | Plessey | 308 | −9 |
| Eagle Star | 283 | +1 | Racal Electronic | 358 | −7 |
| GEC | 670 | −13 | Smiths Inds. | 385 | −15 |
| Lloyds Bank | 355 | +5 | Vickers | 169 | −6 |
| Lucas Inds. | 188 | −7 | Westland | 136 | −8 |

## WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

| Stock | No. of price changes | Wed.'s closing price pence | Day's change | Stock | No. of price changes | Wed.'s closing price pence | Day's change |
|---|---|---|---|---|---|---|---|
| Westland | 17 | 144 | −10 | BOC 9pc Cnv. | 10 | £0½ | −¾ |
| Eagle Star | 14 | 282 | −1 | Polly Peck | 10 | 308 | +3 |
| GKN | 12 | 155 | −2 | Barclays Bank | 9 | 410 | −2 |
| BP | 11 | 356 | +2 | GEC | 9 | 683 | +1 |
| De Beers Dfd. | 11 | 378 | −9 | Shell Trans. | 9 | 348 | — |
| GRE New | 11 | 48pm | −12 | Comm. Union | 8 | 166 | −6 |
| Royal Ins. | 11 | 373 | −12 | RTZ | 8 | 505 | — |

## OPTIONS

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| June 8 | June 19 | Sept. 10 | Sept. 21 |
| June 22 | July 3 | Sept. 24 | Oct. 5 |
| July 6 | July 17 | Oct. 8 | Oct. 19 |

*For rate indications see end of Share Information Service*

Stocks traded for the call included Western Areas, Tomatin Distillers, ICL, Hutchison Whampoa, Carless Capel, Premier Consolidated, Pilkington Bros., Hampton Trust, Lec Refrigeration, W. L. Pawson, AGB Research, Phoenix Mining and First National Finance. Shell and Savoy "A" were dealt in for the put, while double options were arranged in Berkeley Exploration and Royal Bank of Scotland.

## FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

| | EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Thur., June 11, 1981 Index No. | Day's Change % | Est. Earnings Yield % (Max.) | Gross Div. Yield % (ACT at 30%) | Est. P/E Ratio (Net) | Wed. June 10 Index No. | Tues. June 9 Index No. | Mon. June 8 Index No. | Fri. June 5 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (214) | 337.41 | −1.5 | 11.14 | 4.62 | 11.06 | 342.58 | 343.49 | 344.09 | 345.30 | 238.18 |
| 2 | Building Materials (25) | 292.17 | −2.0 | 15.13 | 6.01 | 7.89 | 298.01 | 300.28 | 300.17 | 301.33 | 236.91 |
| 3 | Contracting, Construction (28) | 546.18 | −1.2 | 17.01 | 5.16 | 6.89 | 552.62 | 557.80 | 560.75 | 570.23 | 347.79 |
| 4 | Electricals (28) | 1056.29 | −1.8 | 8.20 | 2.45 | 15.16 | 1075.64 | 1074.08 | 1077.78 | 1072.40 | 631.61 |
| 5 | Engineering Contractors (11) | 481.78 | — | 12.45 | 5.60 | 9.66 | 481.83 | 485.33 | 485.47 | 489.99 | 289.32 |
| 6 | Mechanical Engineering (70) | 209.56 | −1.1 | 13.56 | 5.80 | 9.20 | 211.92 | 213.14 | 213.01 | 212.89 | 159.55 |
| 8 | Metals and Metal Forming (13) | 159.11 | −1.3 | 9.91 | 7.49 | 13.16 | 161.13 | 161.52 | 162.52 | 163.36 | 155.71 |
| 9 | Motors (21) | 99.80 | −1.8 | 4.91 | 7.23 | 51.80 | 101.65 | 102.56 | 102.79 | 103.31 | 97.98 |
| 10 | Other Industrial Materials (18) | 366.30 | −1.3 | 10.38 | 5.44 | 11.54 | 371.12 | 370.48 | 369.75 | 379.38 | 0.00 |
| 21 | CONSUMER GROUP (195) | 278.94 | −0.4 | 12.83 | 5.73 | 9.50 | 280.06 | 281.24 | 280.91 | 281.34 | 210.29 |
| 22 | Brewers and Distillers (20) | 317.13 | +0.2 | 14.51 | 6.07 | 8.19 | 316.47 | 317.34 | 315.91 | 314.59 | 282.33 |
| 25 | Food Manufacturing (21) | 253.86 | −0.6 | 15.37 | 6.50 | 7.83 | 255.50 | 256.77 | 255.19 | 257.29 | 195.72 |
| 26 | Food Retailing (14) | 513.88 | −0.3 | 9.70 | 3.43 | 12.25 | 515.42 | 516.41 | 516.84 | 522.40 | 322.16 |
| 27 | Health and Household Products (7) | 326.14 | — | 8.49 | 4.49 | 14.03 | 326.20 | 327.43 | 325.29 | 322.77 | 208.37 |
| 29 | Leisure (22) | 418.55 | −1.0 | 12.07 | 5.27 | 10.05 | 422.91 | 424.92 | 426.96 | 427.95 | 315.52 |
| 32 | Newspapers, Publishing (12) | 502.61 | −0.1 | 11.69 | 5.65 | 12.11 | 503.24 | 508.28 | 509.77 | 514.00 | 435.61 |
| 33 | Packaging and Paper (13) | 148.01 | −0.8 | 13.52 | 7.20 | 8.79 | 149.26 | 150.82 | 151.76 | 151.14 | 130.67 |
| 34 | Stores (44) | 264.82 | −0.4 | 10.87 | 4.99 | 12.08 | 265.85 | 266.47 | 266.70 | 266.66 | 214.82 |
| 35 | Textiles (23) | 158.01 | −0.5 | 8.48 | 5.73 | 15.82 | 158.73 | 158.88 | 158.66 | 160.04 | 123.04 |
| 36 | Tobaccos (3) | 255.34 | −1.0 | 22.65 | 9.72 | 5.07 | 257.79 | 260.77 | 261.85 | 263.53 | 214.09 |
| 39 | Other Consumer (16) | 292.14 | −1.1 | 10.35 | 6.50 | 13.28 | 295.32 | 298.70 | 298.18 | 300.27 | 0.00 |
| 41 | OTHER GROUPS (79) | 224.94 | −0.7 | 13.69 | 6.72 | 8.88 | 226.61 | 227.03 | 229.05 | 229.47 | 208.98 |
| 42 | Chemicals (15) | 277.10 | −1.2 | 11.75 | 7.49 | 10.64 | 280.59 | 280.37 | 284.49 | 282.98 | 304.61 |
| 44 | Office Equipment (6) | 112.82 | −0.8 | 16.36 | 7.42 | 7.21 | 113.78 | 114.76 | 115.27 | 116.08 | 109.11 |
| 45 | Shipping and Transport (13) | 558.47 | −0.1 | 16.24 | 6.47 | 7.37 | 559.10 | 562.61 | 566.33 | 568.32 | 525.38 |
| 46 | Miscellaneous (45) | 293.41 | −0.4 | 14.26 | 5.79 | 8.45 | 294.51 | 294.95 | 296.25 | 299.64 | 250.61 |
| 49 | INDUSTRIAL GROUP (488) | 291.56 | −0.9 | 12.32 | 5.44 | 9.93 | 294.08 | 295.05 | 295.41 | 296.09 | 229.27 |
| 51 | Oils (12) | 738.35 | −0.6 | 24.14 | 7.62 | 4.59 | 742.68 | 739.84 | 756.83 | 749.90 | 810.62 |
| 59 | 500 SHARE INDEX | 327.52 | −0.8 | 14.32 | 5.81 | 8.29 | 330.20 | 330.89 | 332.50 | 332.62 | 275.03 |
| 61 | FINANCIAL GROUP (118) | 252.72 | −0.5 | — | 5.77 | — | 253.96 | 256.40 | 253.70 | 253.29 | 207.43 |
| 62 | Banks (6) | 254.87 | — | 35.85 | 7.11 | 3.25 | 254.81 | 256.89 | 248.68 | 250.12 | 226.91 |
| 63 | Discount Houses (10) | 274.14 | — | — | 8.22 | — | 274.14 | 274.49 | 274.99 | 279.46 | 251.71 |
| 64 | Hire Purchase (3) | 248.43 | −0.6 | 13.19 | 7.31 | 10.61 | 249.91 | 249.65 | 254.10 | 257.49 | 210.28 |
| 65 | Insurance (Life) (10) | 255.18 | −1.0 | — | 5.93 | — | 257.69 | 260.08 | 258.39 | 258.02 | 198.35 |
| 66 | Insurance (Composite) (9) | 164.41 | −0.6 | — | 7.75 | — | 165.44 | 169.76 | 169.31 | 165.78 | 132.20 |
| 67 | Insurance Brokers (8) | 387.52 | −2.5 | 11.35 | 5.99 | 12.12 | 397.31 | 402.16 | 399.35 | 400.67 | 300.95 |
| 68 | Merchant Banks (13) | 164.72 | −0.5 | — | 4.86 | — | 165.50 | 165.90 | 165.43 | 166.26 | 109.65 |
| 69 | Property (49) | 463.87 | −0.4 | 3.82 | 2.98 | 36.08 | 465.89 | 466.71 | 465.30 | 466.50 | 394.06 |
| 70 | Miscellaneous (10) | 177.08 | +0.3 | 17.97 | 5.85 | 6.76 | 176.49 | 176.36 | 174.26 | 175.49 | 129.81 |
| 71 | Investment Trusts (109) | 305.31 | −0.3 | — | 5.15 | — | 306.33 | 307.18 | 306.32 | 306.64 | 228.70 |
| 81 | Mining Finance (3) | 243.17 | −1.7 | 14.10 | 5.52 | 8.31 | 247.27 | 246.77 | 251.31 | 252.97 | 195.21 |
| 91 | Overseas Traders (20) | 451.12 | −1.8 | 11.73 | 6.59 | 11.25 | 459.50 | 462.84 | 463.99 | 460.87 | 383.19 |
| 99 | ALL-SHARE INDEX (750) | 312.36 | −0.8 | — | 5.78 | — | 314.77 | 315.88 | 316.48 | 316.49 | 259.04 |

### FIXED INTEREST

| | PRICE INDICES | Thur. June 11 | Day's change % | Wed. June 10 | xd adj. today | xd adj. 1981 to date |
|---|---|---|---|---|---|---|
| | British Government | | | | | |
| 1 | 5 years | 106.72 | −0.09 | 107.00 | 0.18 | 5.01 |
| 2 | 5-15 years | 105.76 | −0.43 | 106.22 | — | 5.23 |
| 3 | Over 15 years | 108.75 | −0.47 | 109.26 | — | 5.44 |
| 4 | Irredeemables | 118.44 | −0.80 | 119.40 | — | 6.46 |
| 5 | All stocks | 106.72 | −0.34 | 107.15 | 0.06 | 5.21 |
| 6 | Debentures & Loans | 83.75 | +0.13 | 83.64 | — | 4.89 |
| 7 | Preference | 63.47 | — | 63.47 | — | 3.29 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Thur. June 11 | Wed. June 10 | Year ago (approx.) |
|---|---|---|---|---|---|
| | British Government | | | | |
| 1 | Low | 5 years | 12.25 | 12.21 | 12.16 |
| 2 | Coupons | 15 years | 12.97 | 12.89 | 12.16 |
| 3 | | 25 years | 13.09 | 12.99 | 12.16 |
| 4 | Medium | 5 years | 14.46 | 14.35 | 13.72 |
| 5 | Coupons | 15 years | 14.76 | 14.67 | 13.72 |
| 6 | | 25 years | 14.34 | 14.27 | 13.60 |
| 7 | High | 5 years | 14.45 | 14.35 | 13.89 |
| 8 | Coupons | 15 years | 14.95 | 14.88 | 14.05 |
| 9 | | 25 years | 14.56 | 14.47 | 13.95 |
| 10 | Irredeemables † | | 12.45 | 12.34 | 11.39 |
| 11 | Debs & Loans | 5 years | 15.29 | 15.32 | 14.59 |
| 12 | | 15 years | 15.29 | 15.32 | 14.48 |
| 13 | | 25 years | [illegible] | [illegible] | [illegible] |
| 14 | Preference | | 15.63 | 15.63 | 15.61 |

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26p.

## RECENT ISSUES

### EQUITIES

[illegible]

### FIXED INTEREST STOCKS

[illegible]

### "RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. p Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take over. |||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ‡ Unlisted Securities Market. ‡‡ London Listing. † Effective issue price after scrip.

# UNIT TRUST SERVICE

## OFFSHORE & OVERSEAS—contd.

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) 91.0 91.1xd −0.7 14.82
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Gruneburgweg 113, 6000 Frankfurt
Investa DM53.01 34.70 −0.60 —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. May 26 $4.93 5.18 — —
London Agents: Kleinwort Benson. Tel: 01-623 8000

[illegible]

NOTES

[illegible]

# FT UNIT TRUST INFORMATION SERVICE

## AUTHORISED UNIT TRUSTS

**Abbey Unit Tst. Mngrs. (a)**
72-80, Gatehouse Rd., Aylesbury 0296 5941

| | | | | |
|---|---|---|---|---|
| Abbey Am. Gth. Tst. | 64.5 | 69.4 | +0.6 | 2.08 |
| Abbey Capital | 49.9 | 53.9 | -0.4 | 4.08 |
| Abbey General | 58.8 | 63.0 | -0.6 | 4.87 |
| Abbey Gilt & F.I. Tst. | 100.8 | 106.1 | ..... | 12.35 |
| Abbey Income | 38.9 | 42.0 | -0.2 | 8.36 |
| Abbey W'wi.Bd.Tst. | 94.2 | 99.7 | +0.7 | 6.72 |
| Abbey Inv. Tst. Fd. | 53.3 | 57.6 | +0.1 | 4.17 |
| Equitas Prog. Tst. | 83.5 | 90.3 | -0.8 | 4.53 |

**Allen Harvey & Ross Unit Tst. Mngrs.**
45, Cornhill, London EC3V 3PB. 01-623 6314.

| | | | | |
|---|---|---|---|---|
| AHR Gilt Trust | 83.3 | 87.9 | ..... | 13.03 |

**Allied Hambro Ltd. (a) (g)**
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

| | | | | |
|---|---|---|---|---|
| **Balanced Funds** | | | | |
| Allied 1st | 92.7 | 99.2 | -0.8 | 5.65 |
| Brit. Inds. Fund | 78.5 | 84.0 | -0.7 | 6.07 |
| Growth & Income | 53.9 | 57.7 | -0.5 | 4.33 |
| Elect. & Ind. Dev. | 46.5 | 49.8 | -0.4 | 5.02 |
| Allied Capital | 100.3 | 107.3 | -0.6 | 4.10 |
| Hambro Fund | 135.6 | 145.1 | -1.2 | 5.53 |
| Hambro Acc. Fund | 190.1 | 203.4 | -1.6 | 4.05 |
| **Income Funds** | | | | |
| High Yield Fd. | 71.1 | 76.1 | -0.5 | 7.88 |
| High Income | 84.0 | 89.9 | -0.6 | 7.12 |
| Equity Income Fd. | 48.7 | 52.1 | -0.3 | 7.02 |
| Govt. Secs. | 24.1 | 24.7 | ..... | 12.55 |
| **International Funds** | | | | |
| International | 39.0 | 41.7 | +0.2 | 1.99 |
| Japan Fund | 29.0 | 31.0 | +0.9 | 0.20 |
| Pacific Fund | 79.3 | 84.8 | +0.9 | 0.74 |
| Secs. Of America | 89.3 | 95.5 | +1.3 | 1.68 |
| **Specialist Funds** | | | | |
| Smaller Co.'s Fd. | 60.5 | 64.7 | -0.4 | 4.02 |
| 2nd Smlr. Co's Fd. | 74.4 | 79.6 | -0.2 | 3.77 |
| Recovery | 29.2 | 31.2 | -0.1 | 4.52 |
| Met. Min. & C'dty. | 68.4 | 73.2 | -0.2 | 5.01 |
| Overseas Earnings | 71.4 | 76.4 | -0.7 | 4.83 |

**Craigmount Unit Tst. Mgrs. Ltd.**
Bucklersbury, London EC4N 8BD. 01-248 4984

| | | | | |
|---|---|---|---|---|
| High Income | 37.4 | 40.1 | ..... | 11.11 |
| North American | 74.1 | 80.1 | +1.0 | 2.12 |
| Canadian Exempt* | 78.8 | 83.3 | ..... | 3.77 |
| Canadian Trust | 72.2 | 78.0 | +0.1 | 2.26 |
| Mid Mount High Inc.* | 50.3 | 53.2 | ..... | 9.05 |
| Recovery | 58.3 | 63.8 | -0.3 | 6.74 |
| Gilt Trust | 40.8 | 42.7 | +0.1 | 13.56 |

*Weekly dealing day Wednesday.

**Crescent Unit Tst. Mngrs. Ltd. (a)(g)**
4 Melville Cres., Edinburgh 3 031-226 4931

| | | | | |
|---|---|---|---|---|
| Cres. Amer. Fd. | 49.2 | 53.1 | +0.2 | 0.47 |
| Cres. Internat'l. | 93.4 | 100.8 | +0.3 | 1.55 |
| Cres. High. Dist. | 44.6 | 48.1 | -0.3 | 9.88 |
| Cres. Reserves | 51.9 | 56.0 | -0.5 | 5.25 |
| Cres. Tokyo | 39.1 | 42.2 | +0.8 | 0.58 |

**Dartington Unit Trust Mngt. Ltd.**
Bridge Chambers, Barnstaple, Devon 0271 76324

| | | | | |
|---|---|---|---|---|
| Total Perf. Unit Tst. | 23.6 | 25.0 | ..... | 8.34 |

**Discretionary Unit Fund Managers**
36/38 New Broad St, EC2M 1NU. 01-638 4485

| | | | | |
|---|---|---|---|---|
| Disc. Inc. May 29 | 258.9 | 276.1 | ..... | 4.83 |

**E. F. Winchester Fund Mngt. Ltd.**
44, Bloomsbury Square, WC1A 2RA 01-623 8893

| | | | | |
|---|---|---|---|---|
| Great Winchester | 19.9 | 22.0 | ..... | 7.48 |
| Gt. Winchester O'seas | 30.5 | 33.8 | ..... | 2.98 |

For Emson and Dudley see Robert Fraser Tst. Mgmt.

**Equity & Law Un. Tr. M.♥ (a)(b)(c)**
Amersham Rd., High Wycombe. 0494 33377

| | | | | |
|---|---|---|---|---|
| Equity & Law | 94.4 | 99.3 | -0.5 | 4.37 |

**Fidelity International Management Ltd.**
62-63 Queen St, London EC4 1AD 01-248 4891

| | | | | |
|---|---|---|---|---|
| American (z) | 46.0 | 49.5 | ..... | 0.45 |
| Amer.Spec.Sits. (z) | 33.1 | 36.6 | +0.1 | 0.13 |
| Gilt + Fixed Int. | 23.5 | 24.7 | ..... | 12.94 |
| Growth + Income | 34.5 | 37.1 | -0.1 | 6.86 |
| Maximum Inc. Eq. Tst. | 30.1 | 32.4 | -0.1 | 8.08 |
| Special Sits. | 43.2 | 46.5 | -0.3 | 1.63 |

**James Finlay Unit Trust Mngt. Ltd.**
10-14, West Nile Street, Glasgow. 041-204 1321

| | | | | |
|---|---|---|---|---|
| J. Finlay Internat'l. | 43.4 | 46.7 | +1.4 | 1.62 |
| Accum. Units | 54.0 | 58.0 | +1.7 | 1.62 |

**Lloyd's Life Unit Tst. Mngrs. Ltd.**
2, St. Mary Axe, EC3A 8BP. 01-623 6114

| | | | | |
|---|---|---|---|---|
| Equity Accum. (2) | 259.9 | 273.5 | ..... | 3.98 |

**Local Authorities' Mutual Invest. Tst.***
77, London Wall, EC2N 1DB. 01-588 1815

| | | | |
|---|---|---|---|
| Pro. Fund May 31 | 150.70 | ..... | 6.76 |
| Wider Fund May 31 | 274.60 | ..... | 4.92 |
| Narrower Fd. May 31 | 75.50 | ..... | 13.50 |

*Unauthorised. Available only to Local Authorities.

**M & G Group (y)(c)(z)**
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588

| | | | | |
|---|---|---|---|---|
| American | 76.8 | 81.8 | -0.1 | 1.91 |
| (Accum. Units) | 82.5 | 87.9 | -0.1 | 1.91 |
| American Recovery | 89.2 | 95.4 | +0.7 | 1.32 |
| (Accum. Units) | 92.2 | 98.6 | +0.8 | 1.32 |
| Australasian | 111.9 | 119.7 | +0.3 | 0.86 |
| (Accum. Units) | 117.2 | 125.4 | +0.4 | 0.86 |
| Commodity | 148.3 | 158.7 | -0.7 | 2.70 |
| (Accum. Units) | 174.4 | 186.6 | -0.8 | 2.70 |
| Compound Growth | 193.6 | 209.1 | -2.1 | 2.93 |
| Conversion Growth | 128.7 | 137.7 | -1.5 | 2.15 |
| Conversion Income | 78.9 | 84.4 | -0.4 | 8.93 |
| Dividend | 136.7 | 146.9 | -1.6 | 8.76 |
| (Accum. Units) | 312.6 | 336.0 | -3.3 | 8.76 |
| European | 59.7 | 64.2 | -0.3 | 3.63 |
| (Accum. Units) | 65.5 | 70.4 | -0.3 | 3.63 |
| Extra Yield | 88.9 | 96.0 | -0.7 | 9.02 |
| (Accum. Units) | 144.5 | 156.1 | -1.1 | 9.02 |
| Far Eastern | 140.9 | 150.8 | +0.8 | 0.96 |
| (Accum. Units) | 161.2 | 172.5 | +0.9 | 0.96 |
| Fund of Inv. Tsts. | 99.3 | 106.8 | -0.2 | 4.28 |
| (Accum. Units) | 135.5 | 145.7 | -0.3 | 4.28 |
| General | 242.3 | 260.5 | -3.2 | 5.76 |
| (Accum. Units) | 419.9 | 451.4 | -5.7 | 5.76 |
| Gilt Income | 44.6 | 46.8 | +0.2 | 11.19 |
| (Accum. Units) | 46.2 | 48.5 | +0.2 | 11.19 |
| High Income | 115.7 | 123.8 | -0.7 | 8.61 |
| (Accum. Units) | 238.6 | 255.3 | -1.4 | 8.61 |
| Japan | 189.4 | 202.7 | +4.1 | 0.53 |
| (Accum. Units) | 199.3 | 213.3 | +4.4 | 0.53 |
| Magnum | 358.7 | 380.2 | -3.4 | 5.01 |
| (Accum. Units) | 495.9 | 525.7 | -4.7 | 5.01 |
| Midland | 172.4 | 184.5 | -0.9 | 8.90 |
| (Accum. Units) | 340.5 | 364.3 | -1.9 | 8.90 |
| Recovery | 138.0 | 147.7 | -0.9 | 4.68 |

## INSURANCE PROPERTY BONDS

## OFFSHORE & OVERSEAS FUNDS

Continued on previous page

# FT SHARE INFORMATION SERVICE

## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

## INTERNATIONAL BANK

## CORPORATION LOANS

## COMMONWEALTH AND AFRICAN LOANS

## LOANS

Public Board and Ind.

Financial

## FOREIGN BONDS & RAILS

## AMERICANS

## CANADIANS

## BANKS AND HIRE PURCHASE

Hire Purchase, etc.

## BEERS, WINES AND SPIRITS

## BUILDING INDUSTRY, TIMBER AND ROADS

## CHEMICALS, PLASTICS

## DRAPERY AND STORES

## ELECTRICALS

## ELECTRICALS—Continued

## ENGINEERING MACHINE TOOLS

## FOOD, GROCERIES, ETC.

## FOOD, GROCERIES—Cont.

## HOTELS AND CATERERS

## INDUSTRIALS (Miscel.)

## INDUSTRIALS—Continued

## INSURANCE—Continued

## LEISURE

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

### Commercial Vehicles

### Components

### Garages and Distributors

## NEWSPAPERS, PUBLISHERS

## PAPER, PRINTING ADVERTISING

## PROPERTY

## PROPERTY—Continued

## SHIPPING

## SHOES AND LEATHER

## SOUTH AFRICANS

## TEXTILES

## TOBACCOS

## TRUSTS, FINANCE, LAND

### Investment Trusts

## INVESTMENT TRUSTS—Cont.

### Finance, Land, etc.

## OIL AND GAS

## OIL AND GAS—Continued

## OVERSEAS TRADERS

## RUBBERS AND SISALS

## TEAS

### India and Bangladesh

### Sri Lanka

### Africa

## MINES

### Central Rand

### Eastern Rand

### Far West Rand

### O.F.S.

### Finance

### Diamond and Platinum

### Central African

## INSURANCE



## MINES—Continued

### Australian

| 1981 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 40 | 32 | Acmex 50c | 40 | ...... | Q2.5c | — | 3.5 |
| 35 | 14 | ACM 20c | 35 | +7 | — | — | — |
| 21 | 14 | Argosy Gold NL 25c | 17 | ...... | — | — | — |
| 226 | 137 | Bond Corp. | 214 | −2 | Q7½c | 1.9 | 1.9 |
| 104 | 76 | Bougainville I Kina | 182 | +2 | Q26c | 1.0 | 14.1 |
| 302 | 214 | CRA 50c | 266 | +2 | Q19c | 1.7 | 3.9 |
| 25 | 17 | Canada Northwest | 17 | −½ | — | — | — |
| 35 | 16 | Carr Boyd 20c | 20 | ...... | — | — | — |
| 415 | 80 | Central Pacific | 95 | +3 | — | — | — |
| 35 | 15 | Cons. Gold Mat. N.L. 50c | 15 | ...... | — | — | — |
| 47 | 28 | Cultus Pacific N.L. | 31 | ...... | — | — | — |
| 63 | 22 | Eagle Corp. 10c | 46 | +4 | — | — | — |
| 40 | 29 | Endeavour 20c | 31 | +½ | — | — | — |
| 500 | 310 | G. M. Kalgoorlie 25c | 400 | +10 | †Q13c | ♦ | 1.8 |
| 25 | 10 | Great Eastern | 10½ | ...... | — | — | — |
| 275 | 180 | Hampton Areas 10p | 200 | −5 | t2.5 | 2.4 | 1.8 |
| 168 | 46 | Haoma Gold N.L. | 46 | −2 | — | — | — |
| 85 | 33 | Intl. Mining | 33 | −2 | — | — | — |
| 245 | 135 | Kitchener NL 25c | 135 | −5 | — | — | — |
| 105 | 40 | Leichardt Expln. | 45 | ...... | — | — | — |
| 430 | 275 | Meekatharra | 380 | ...... | — | — | — |
| 70 | 49 | Metals Ex. 50c | 62 | +1 | ¶Q3c | 2.9 | 2.5 |
| 38 | 20 | Metramar Mns. 20cts. | 32 | +1 | — | — | — |
| 290 | 190 | M.I.M. Hldgs. 50c | 265 | −5 | ‡Q27.6c | 1.7 | ‡ |
| 21 | 10 | Minefields Expl. 25c | 14 | ...... | — | — | — |
| 123 | 83 | Mount Lyell 25c | 114 | +4 | ♦†Q15c | 1.7 | 7.2 |
| 20 | 13 | Newmetal 20c | 16 | +1 | — | — | — |
| 69 | 41 | Nickelore N.L. | 60 | ...... | — | — | — |
| 204 | 149 | North B. Hill 50c | 189 | +2 | Q18c | 3.1 | 5.3 |
| 84 | 50 | Nth. Kalgurli | 74 | +7 | — | — | — |
| 175 | 94 | Nth. Mining Corp. | 158 | −2 | — | — | — |
| 122 | 36 | N. West Mining N.L. | 36 | −2 | — | — | — |
| 148 | 106 | Oakbridge 50c | 147 | +2 | tQ12c | 1.1 | 4.5 |
| 185 | 138 | Otter N. L. | 147 | +5 | — | — | — |
| 186 | 164 | Pacific Copper | 184 | +6 | — | — | — |
| 605 | 385 | Pancont'l 25c | 420 | +35 | — | — | — |
| 72 | 42 | Paringa M&Ex.5p | 71 | +1 | ♦— | — | — |
| 525 | 375 | Peko-Wallsend 50c | 505 | +5 | ♦Q22½c | ♦ | 2.4 |
| 43 | 27 | Pelsart Res NL | 30 | −3 | — | — | — |
| 120 | 85 | Seltrust A | 110 | +5 | — | — | — |
| 157 | 34 | Southern Pacific | 44 | +5 | — | — | — |
| 85 | 40 | Swan Resources 20c. | 68 | +5 | — | — | — |
| 400 | 9½ | West Coast 25c | 10½ | ...... | — | — | — |
| 325 | 227 | Westn. Mining 50c | 320 | +15 | Q14c | 1.6 | 2.4 |
| 27 | 16½ | Westmex | 17½ | ...... | — | — | — |
| 76 | 46 | Whim Creek 20c | 50 | −2 | — | — | — |
| 101 | 58 | York Resources | 65 | −2 | — | — | — |

### Tins

| 1981 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 16 | 9 | Amal Nigeria 1p | 9½ | ...... | ‡6.0 | — | — |
| 300 | 245 | Ayer Hitam $M1 | 245 | −5 | ‡Q205c | 1.0 | ‡ |
| 103 | 54 | Beralt Tin | 100 | ...... | ♦5.0 | 3.3 | 7.1 |
| 155 | 105 | Geevor | 105 | −10 | — | — | — |
| 10 | 8 | Gold & Base 12½p | 9½ | ...... | — | — | — |
| 660 | 540 | Gopeng Cons. | 540 | ...... | ‡30.0 | 1.8 | ‡ |
| 450 | 360 | Hongkong | 360 | ...... | 21.0 | ♦ | 8.3 |
| 125 | 115 | Idris 10p | 120xd | −3 | 9.0 | ♦ | 10.7 |
| 15½ | 13 | Jantar 12½p | 15½ | ...... | 1.5 | ♦ | 13.8 |
| 98 | 85 | Kamunting $M0.50 | 85 | ...... | ‡Q80c | 1.0 | ‡ |
| 600 | 363 | Killinghall $M1 | 600 | ...... | hQ66.7c | ♦ | 2.3 |
| 114 | 88 | Malay Dredging 10c | 114# | ...... | ♦bQ38c | 0.9 | 6.8 |
| 68 | 30 | Pahang | 63 | ...... | 0.63 | 0.8 | 1.4 |
| 118 | 90 | Pengkalen 10p | 108 | −2 | 3.5 | 0.6 | 4.6 |
| 380 | 330 | Petaling $M1 | 330 | ...... | ‡Q180c | 1.4 | ‡ |
| 25 | 19 | South Crofty 10p | 24# | ...... | ‡1.0 | 4.4 | ‡ |
| 225 | 200 | Sungei Besi $M1 | 215 | ...... | ‡Q480c | 1.1 | ‡ |
| 180 | 95 | Supreme Corp. $M1 | 170 | ...... | gQ15½c | ♦ | 1.9 |
| 118 | 116½ | Tanjong 15p | 118 | ...... | 23.5 | ♦ | 4.3 |
| 90 | 75 | Tongkah H. Tin $M | 75 | ...... | Q23% | 0.4 | 6.1 |
| 410 | 340 | Tronoh $M1 | 340xd | ...... | Q110c | 1.2 | 6.6 |

### Copper

| 1981 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 335 | 165 | Messina R0.50 | 310 | −10 | †Q45c | 4.7 | 8.6 |

### Miscellaneous

| 1981 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 175 | 142 | Anglo-Dominion | 170 | ...... | — | — | — |
| 55 | 40 | Barymin | 48 | +5 | — | — | — |
| 25½ | 14 | Burma Mines 10p | 23 | ...... | 0.75 | 0.9 | 4.7 |
| 330 | 180 | Colby Res. Corp. | 260 | −20 | — | — | — |
| 275 | 200 | Cons. Murch. 10c. | 275 | ...... | tQ30c | 1.8 | 6.2 |
| 98 | 70 | ††Hemerdon 10c. | 70 | ...... | — | — | — |
| 180 | 135 | Highwood Res. | 145 | ...... | — | — | — |
| 400 | 300 | Northgate C$1 | 345 | −10 | — | — | — |
| 580 | 372 | R.T.Z. | 495 | −10 | 16.0 | 3.2 | 4.6 |
| £125 | £93½ | Do. 9¼% Cv. Un. Ln. '95-2000 | £112 | −1 | Q9½% | — | f9.0 |
| 143 | 110 | ††SPD Minerals 10p | 110# | ...... | — | — | — |
| 47 | 32 | Sabina Inds. C$1 | 33 | ...... | — | — | — |
| 44 | 28 | ††SWCM 10p | 38 | ...... | — | — | — |
| 550 | 465 | Tara Expln. $1 | 530 | ...... | — | — | — |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. *P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.*

- ● "Tap" Stock.
- * *Highs and Lows marked thus have been adjusted to allow for rights issues for cash.*
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ *Figures or report awaited.*
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† *Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.*
- ‡‡ Dealt in under Rule 163(3).
- \# Price at time of suspension.
- ¶ *Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.*
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ *Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.*
- ☆ *Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.*
- ** Regional price.
- ‖ No par value.

§§ *Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.* ☆☆ *Available only to UK pension schemes and insurance companies engaged in pension business.* a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h *Assumed dividend and yield after scrip issue.* j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s *Dividend and yield exclude a special payment.* t *Indicated* dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E *Minimum* tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N *Dividend and yield based on prospectus or other official estimates for 1981.* P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

## REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

| | | |
|---|---|---|
| Albany Inv. 20p | 42 | ...... |
| Bertam | 13 | ...... |
| Bdg'wtr. Est. 50p | 465 | ...... |
| Craig & Rose £1 | £11½ | ...... |
| Fife Forge | 66 | ...... |
| Finlay Pkg. 5p | 21 | ...... |
| Graig Ship. £1 | £22 | −½ |
| Higsons Brew. | 73 | ...... |
| Holt (Jos) 25p | 480xd | ...... |
| I.O.M. Stm. £1 | 157 | −1 |
| Pearce (C. H.) | 940 | ...... |
| Peel Hldgs. | 180 | ...... |
| Sheff. Refrshmt | 99 | ...... |
| Sindall (Wm.) | 195 | ...... |

**IRISH**

| | | |
|---|---|---|
| Conv. 9% '80/82 | £92⅝ | ...... |
| Nat. 9¼% 84/89 | £74¼ | +¼ |
| Fin. 13% 97/02 | £79¼ | ...... |
| Alliance Gas | 77 | ...... |
| Arnott | 235 | ...... |
| Carroll (P.J.) | 89 | ...... |
| Concrete Prods. | 90 | ...... |
| Helton (Hldgs.) | 28 | ...... |
| Ins. Corp. | 420 | ...... |
| Irish Ropes | 50 | ...... |
| Jacob | 56 | ...... |
| T.M.G. | 17 | ...... |
| Unidare | 103 | ...... |

## OPTIONS

### 3-month Call Rates

**Industrials**

| | |
|---|---|
| A. Brew | 6½ |
| BOC Intl. | 11 |
| B.S.R. | 7 |
| Babcock | 11 |
| Barclays Bank | 36 |
| Beecham | 18 |
| Blue Circle | 35 |
| Boots | 20 |
| Bowaters | 24 |
| Brit. Aerospace | 17 |
| B.A.T. | 25 |
| Brown (J.) | 9 |
| Burton Ord. | 14 |
| Cadburys | 7½ |
| Courtaulds | 7 |
| Debenhams | 10 |
| Distillers | 17 |
| Dunlop | 8½ |
| Eagle Star | 25 |
| F.N.F.C. | 3 |
| Gen. Accident | 30 |
| Gen. Electric | 60 |
| Glaxo | 28 |
| Grand Met. | 18 |
| G.U.S. 'A' | 44 |
| Guardian | 30 |
| G.K.N. | 15 |
| Hawker Sidd | 25 |
| House of Fraser | 14 |
| I.C.I. | 28 |
| "Imps" | 7 |
| I.C.L. | 6 |
| Ladbroke | 30 |
| Legal & Gen. | 29 |
| Lex Service | 10 |
| Lloyds Bank | 28 |
| "Lofs" | 4½ |
| London Brick | 7 |
| Lucas Inds. | 18 |
| "Mams" | 20 |
| Mrks. & Spncr | 11 |
| Midland Bank | 25 |
| N.E.I. | 6 |
| Nat. West. Bank | 52 |
| P & O Dfd. | 12 |
| Plessey | 26 |
| Racal Elect | 34 |
| R.H.M. | 5 |
| Rank Org. Ord. | 16 |
| Reed Intnl. | 25 |
| Sears | 5 |
| Tesco | 5½ |
| Thorn EMI | 30 |
| Trust Houses | 15 |
| Tube Invest. | 18 |
| Turner & Newall. | 10 |
| Unilever | 50 |
| Utd. Drapery | 6½ |
| Vickers | 18 |
| Woolworths | 6 |

**Property**

| | |
|---|---|
| Brit. Land | 8 |
| Cap. Counties | 11 |
| Land Secs. | 37 |
| MEPC | 20 |
| Peachey | 15 |
| Samuel Props. | 13 |
| Town & City | 2¼ |

**Oils**

| | |
|---|---|
| Brit. Petroleum | 33 |
| Burmah Oil | 16 |
| Charterhall | 3 |
| KCA | 22 |
| Premier | 7½ |
| Shell | 32 |
| Tricentrol | 30 |
| Ultramar | 44 |

**Mines**

| | |
|---|---|
| Charter Cons. | 21 |
| Cons. Gold | 45 |
| Lonrho | 9 |
| Rio T. Zinc | 45 |

*A selection of Options traded is given on the London Stock Exchange Report page*

"Recent Issues" and "Rights" Page 36

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Friday June 12 1981



# Clashes in Tehran over Bani-Sadr

BY TERRY POVEY IN TEHRAN

PRESIDENT BANI-SADR of Iran was yesterday virtually besieged in his Tehran office after his dismissal as head of the country's armed forces by Ayatollah Khomeini. Jubilant chanting Moslem fundamentalists crowds around his office called for his resignation, trial and even execution.

Later in the day gunfights broke out in the capital as radica Moslem Mujahidin supporters of the President took to the streets. One was reported killed.

Mr Bani-Sadr is now virtually powerless as President. His removal as head of the armed forces came within hours of the passing by Parliament—dominated by his enemies in the clergy—of legislation forcing him to sign all legislation put before him.

He now faces the possibility of having impeachment proceedings brought against him. Fundamentalists in Parliament have accused him of subverting

**MORE THAN 1,000 were feared dead yesterday after an earthquake hit Iran's south-eastern province of Kerman. Worst affected were the town of Golbaf about 550 miles south-east of Tehran and surrounding villages.**

the constitution by refusing to sign certain legislation.

On Wednesday the Head of the Supreme Court and leader of the dominant Islamic Republican Party, Ayatollah Mohammed Beheshti, said investigations into the President's conduct were continuing and that he faced being put on trial charged with subverting the constitution.

Observers in Tehran consider that the pressures on the President to resign are liable to continue to build in coming days. A flood of telegrams and statements urging the sacking of Mr Bani-Sadr from his army command post was published in the fundamentalist press yesterday.

The one possibility that seems to remain, short of resignation or impeachment, appears to be the President's acceptance of a purely decorous role for himself for the time being. This would mean him acquiescing to most of the decisions taken by a fundamentalist-dominated Parliament and Government.

In the one statement that he issued yesterday, Mr Bani-Sadr appealed to the armed forces to continue their efforts in the war with Iraq and congratulated them on their latest reported successes. Iran claims to have captured about 300 Iraqi troops and destroyed 25 tanks in an operation on the central western front.

Some sympathy, if not open support for the President, came yesterday from Gen Valiollah Falahi, acting Commander-in-Chief of the Armed Forces. He said that while the army was commited to follow the leadership of Ayatollah Khomeini it appreciated efforts made by Mr Bani-Sadr during his time as overall commander.

Other comments by Gen Falahi implied that there had been no military reason for Mr Bani-Sadr's dismissal as commander.

Islamic fundamentalists, Page 4

# Japanese to cut car exports to Belgium

By Charles Smith in Tokyo and Larry Klinger in Brussels

JAPAN WILL shortly announce its intention to reduce car exports to Belgium this year by 7 per cent from 1980 levels. It will also undertake to hold sales in the Netherlands and Luxembourg to 1980 levels.

These decisions, following Wednesday's declaration that car exports to West Germany this year will rise not more than 10 per cent over 1980, were immediately seen in Brussels as shattering hopes of an important EEC-Japan trade agreement.

The European Commission yesterday expressed extreme surprise over the bilateral arrangements in the light of an earlier Council of Foreign Ministers' decision on ground rules for its continuing discussions with Japan.

The Ministers had laid down that the EEC should seek an agreement on cars "analagous" to that of the U.S. Under that agreement Japan will voluntarily reduce its exports to the U.S. by 7.7 per cent in 1981.

The Japanese offer to the Benelux countries is seen in Tokyo as the last of a series of measures for restraining car exports to Western markets.

It will be explained in the relevant capitals by Mr Rokusuke Tanaka, the Minister of International Trade and Industry, next week.

The offer means that car sales in Belgium will be reduced to about 104,000 from 112,000 last year. Sales in the Netherlands and Luxembourg will be pegged at about 122,000.

Mr Tanaka and Mr. Zenko Suzuki, the Japanese Prime Minister, will meet the European Commission next week. Japan believes that the commission will continue to press strongly for an undertaking to restrain exports to the EEC as a whole, but it seems determined to resist.

One official in Tokyo however said it might be necessary to find a way of saving the EEC's face on the car issue.

Commission demands for Japanese restraint have not been spelt out, but the net effect of the bilateral measures may in the end be near its expectations.

Officials in Brussels nevertheless feel that the bilateral deals are an unnecessary capitulation to the Japanese argument that the EEC is not a single market because of national restrictions on imports in France, Italy and the UK.

They are also angered by what they regard as a humiliating example of member states giving the commission a mandate to negotiate foreign trade agreements for the EEC and then acting on their own account.

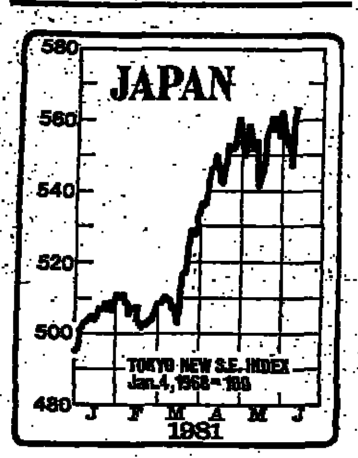
EEC market tightens, Page 5; CBI wins support on Japanese sales, Page 7

## THE LEX COLUMN

# Banking becomes Hill Samuel

Although dollar interest rates were rather harder yesterday, the sterling money markets behaved quite calmly on the back of an unchanged Minimum Lending Rate. But the equity market refuses to perk up, and the FT 30-Share Index is back below 540.

**Index fell 6.1 to 536.2**




### Hill Samuel

Hill Samuel's interim statement promised something special, and the final figures for 1980-81 show that the group has at last moved decisively away from its profits plateau of the previous seven years. The banking side has shown an above average performance in a good year for the merchant banking business generally, and although the showing elsewhere mostly ranges from the indifferent to the awful, disclosed profits are still up from £7.7m to £11.3m after tax.

Within this, the banking profit is up by over a half to £10.6m. So far, only Kleinwort has done better among the big accepting houses, and it has big bullion interests. Hill Samuel has done well in Australia and South Africa, which produce about two-fifths of its banking profits, and its foreign exchange, corporate and treasury activities have also flourished.

Elsewhere, the contribution from investment management has been squeezed by an exceptional tax charge, and expansion costs have held back the employee benefit business. Insurance broking is still a big problem: pre-tax, the group has managed to lose £3.4m on retained brokerage of just £13.4m, and for the second year running there is an "extraordinary" charge below the line gainst relocation costs.

This business employs about £7m of the group's capital, and the best hope is a steady reduction in losses. Another £23.7m of capital is tied up in life insurance, which produced a dividend of just £800,000 last year, but is apparently heading for better things. So there should still be quite a lot of scope for improving the return on disclosed equity and loan capital of £131m. The yield at 152p, up 5p, is 6¾ per cent.

### 600 Group

Anyone examining the entrails of engineering company results for hints of a domestic pick-up in demand in the sector has so far been doomed to disappointment. On Wednesday B. Elliott warned that it expected to continue trading at a loss in the UK in the current half, and yesterday 600 group reported pre-tax profits for the year to March halved at £4.8m.

Tumbling scrap prices, along with a volume decline of perhaps 20 per cent have transformed £1m of profits in this division into a £2.6m loss. Meanwhile the profit declines in the machine tools and crane divisions have been of the order of a fifth. The Chancellor's gift of a new stock relief system has given the maintained dividend plenty of cover, but if profits do not improve significantly in the current year, a more normal tax charge could leave it exposed. The shares rose 2½p yesterday to 71p, where the yield is 11 per cent.

### Berisford/BSC

The last few days have seen a considerable change in tactics by S. and W. Berisford in the handling of its bid for British Sugar Corporation, which closes on Monday unless, as seems quite likely, it is extended into July. A flurry of buying in the market, by which Berisford raised its stake in BSC to 12.4 per cent, has been succeeded by a week of absolute inactivity, during which the BSC share price has slipped back to last night's 315p. The cash bid is worth 335p and the share offer, with Berisford at 127p, 349½p.

Berisford's intertia may simply reflect anticipation that its bid will fail, and consequent unwillingness to amass too large a stake which would have to be placed in the market. Or it may be anxious not to shrink the pool of "uncommitted" shareholders, whose decision will determine the Government's action in respect of its 24 per cent stake. But it seems much more likely that Berisford is trying to put pressure on those BSC shareholders who saw a sale of part of their holding in the market as an attractive hedge. As a wide gap opens up between the market price and the bid, they may decide to accept the bid instead.

Institutions hold a good three quarters of the uncommitted shares, and BSC must be terrified at the way some of them behaved in the Eagle Star affair. However, that may have provided enough short-term performance to satisfy the trustees this quarter, and so far few funds seem inclined to accept the Berisford bid. BSC shares yield 10 per cent, but if the bid fails more than a third of the company could be on offer, and avalanches start quite easily.

### Tokyo stocks

The narrowing differential between short term dollar and yen rates has slowly been making itself felt on the foreign exchange market and currency analysts are again talking in terms of a dollar/yen rate well below 200 later this year, against the present Y226.

The yen is starting to draw strength from the unwinding of forward dollar positions by importers as well as from expectations of a sizeable Japanese current account surplus if oil prices remain soft.

The point has not been lost on foreign investors in Japanese equities who have returned to the Tokyo market this week after selling a net total of 18m shares in May. Trading volume so far is fairly low, but recent experience suggests that the domestic institutions may step up the buying pressure if the foreign interest holds up. At the moment Japanese institutions are very liquid, partly because they have been keeping right out of the corporate bond market, where the underwriting houses are now being forced to concede more generous yields.

Japanese companies are sounding increasingly optimistic about their earnings prospects for the second half of this fiscal year, which runs until March, but they are banking on an improvement in the level of consumer demand. The authorities are not yet in a position to cut the discount rate again, so this does not look assured, and capital goods producers are receiving little support from the government's deflationary budget.

A stronger yen will of course put pressure on export margins, but this may largely be offset by lower raw material costs. Overall, no one is keener on a strong yen than the foreign investors in Japanese equities.

# Civil servants face suspension after strike

BY PHILIP BASSETT AND IVOR OWEN

THE GOVERNMENT yesterday took its firmest disciplinary action so far in the 14-week-old Civil Service pay dispute by moving to suspend without pay nearly 1,000 staff for taking unofficial industrial action over the payment of unemployment benefit.

Meanwhile the Prime Minister announced in the Commons that while the 7 per cent pay offer still stood, civil servants' pay on average would rise this year by 11 per cent. This calculation caused consternation among MPs of both main parties.

First warnings of suspension, giving staff 24 hours notice to work normally, were given to about 200 staff in Scotland who had been refusing to implement emergency procedures and manually write out Giro cheques. The procedures were brought in to pay benefits which would normally be processed by strike-bound computer centres.

Another 710 Scottish staff walked out on strike before their notices could be given and the letters were posted to their home addresses. Another 80 staff in Hull, who have been taking similar action, are expected to receive their notices over the next few days.

Since the local action is not supported by the civil service unions, who have told those taking part that if suspended they will not receive strike pay, the issuing of the suspension notices could end the unofficial action.

The Department of Employment said that 41 local unemployment benefit offices were not administering the arrangements and seven offices were closed completely by strikes. Mr James Prior, Employment Secretary, said: "We could not tolerate a situation in which staff refused to carry out duties appropriate to their grades under the emergency procedures while continuing to receive full pay."

The Government, which is considering other formes of disciplinary action, is expected to strike a further blow at the unions' pay campaign by announcing soon the formal abolition of the Pay Research Unit and its accompanying board, which maintained the now-abandoned pay comparability system for the service.

Mrs Thatcher's claim that civil servants' pay would rise by 11 per cent this year was arrived at by the Civil Service Department adding to the 7 per cent offer:

● 2.3 per cent for annual increments for about half the civil servants who have not yet risen to the top of their grade, but spread over the entire 530,000 white-collar civil servants.

● 1.7 per cent from the payment of the 1980 civil service settlement six weeks after the due date of April 1. Salaries are therefore correspondingly lower in April last year than this.

Mr Bill Kendall, secretary-general of the Council of Civil Service Unions, said: "It is a measure of the Prime Minister's desperation that she resorts to cheap statistical juggling. She would be better employed in seeking a way out of the dispute."

Support for all-out action by the unions was indicated yesterday in branch votes of the moderate Inland Revenue Staff Federation. Manchester, the federation's largest branch, which is regarded as moderate, voted 5—2 in favour. Bolton and Glasgow also voted in support.

Flights to and from London's Heathrow airport will be hit today by action involving air traffic control and other staff.

Parliament, Page 11

# France to spend £36bn on energy programme

By Terry Dodsworth in Paris

THE French Government has earmarked FFr 400bn (£36bn) to be spent over the next 10 years on energy saving and the development of new energy sources.

The projects, which follow the main lines of the Socialist Party's election promises on energy, form an important part of the Government's plans to develop alternatives to nuclear power.

"They will help both to ensure the country's energy independence and create new jobs," said M Georges Lemoine, the Energy Secretary.

The lion's share of the spending—an expected FFr 315bn over 10 years—will be on energy conservation. Last year, about FFr 10bn of Government money went on energy conservation although the previous Government was planning to step up investment in this field.

The development of renewable energy sources, including solar power and fuel produced from vegetable matter, will account for FFr 180bn over the 10 years.

The programme is expected to create about 150,000 jobs in the energy conservation industry, and 100,000 in the renewable energy sources field.

### Ambitious

France's energy saving programme was already ambitious under the Giscard Government, but the new administration is aiming to go even further to reduce the country's dependence on imported oil and nuclear power.

The aim is to secure 5.5 per cent of France's energy needs from so-called "new" energies by 1990 against 4 to 5 per cent under the former Government's plans.

The savings from energy conservation are planned to be even more spectacular, reducing France's global energy demands at the end of this decade from 242m tonnes of oil equivalent under the old plan to 230m tonnes.

The plans have aroused considerable scepticism among experts because the Government is aiming to achieve the savings while stepping up economic growth to 5 per cent a year.

While the Socialists were planning to reduce the contribution of nuclear power to about 21 per cent of energy supplies in 1990, compared with the previous 30 per cent target, a detailed programme has still not been spelled out in an official policy statement.

The Government has indicated that there will be a parliamentary debate on the subject in the autumn.

Paris property market, Page 14
French election preview, Page 22

# David and Goliath Continued from Page 1

For every Israeli seems to feel part of the great adventure story which has been the history of the Israeli state. He may play no part in the military machine, he may even be using all his talents to abuse and cheat it — by avoiding taxes, for example, but his mind seems inextricably bound up with that of the three pilots who bombed Iraq.

To understand Israel's foreign policy and the electorate's attitude to Mr Menahem Begin, Israel's Prime Minister, one must take account of this sense of inseparability which is felt by Israel's 3½m Jews.

When Mr Begin talks about the nation "living the experience of the pilots who carried out the Osirak raid," Israelis understand this in a much more literal sense than can readily be imagined abroad.

After Mr Begin's press conference on Tuesday a man asked me what I thought of him, and before I had a chance to reply, said: "I love that man. He has his faults, but I love him." He seemed to be talking not of a politician but of a father.

It is also worth remembering, in understanding Israel, the sheer thrill of adventure which seems to energise Israeli life.

Nobody knows and relishes this thrill more than Mr Begin — himself a freedom fighter/terrorist in his formative years. When he presented himself and his generals to the world's press on Tuesday it was hard to avoid being swept away by his almost childlike enthusiasm for the pilots' exploits.

The Butcher of Baghdad, the Madman of Libya or Osirak—the Hotbed of Death, seem to him not the venomous nicknames which he invents to show his wrath to the world or to strike terror in the hearts of his own people.

Rather they seem to be used as objective descriptions of the amazing semi-mythological world in which he believes Israel exists.

Mr Begin may be an extreme example but it is worth remembering that almost every other Israeli feels he has also played the part of David against Goliath at some point in his life.

While every young man and woman in Israeli has been on active military service the older generation has often avoided death through more incredible adventures.

One man survived in a sewer for two years, another lived for a year alone in the forest, a third walked a thousand miles across southern Russia to join the British Army in Iran.

These people are now shopkeepers, civil servants or successful business men, living in a world ruled by law and logic but deep down they know that if they had accepted law and logic alone they would have been dead 40 years ago.

It is in this sense that Mr Begin's constant refrain about the holocaust has worked on the electorate. His speeches do not convince most Israelis that the world, or for that matter Germany, must pay perpetual penance for what Hitler did to the Jews.

The majority of Jews—even, perhaps, most of those who survived the concentration camps—no longer seem to bear a grudge against the Germans. Anti-German graffiti and swastikas which have been spotted in a few places in Tel Aviv are a cause of shame among the Jews that I have met.

But the constant references to the holocaust are a reminder that when the chips are down, the Jews cannot rely on anybody but themselves.

"Neither international law, nor the League of Nations, nor the Americans did anything to help us in the 1930s. Nor did the Ysave the people of Cambodia from genocide and they will not save the Jews another time. We can only save ourselves."

This sentiment, stressed by a life-long supporter of the Labour Party and an opponent of Mr Begin seems to be echoed by almost everybody here.

# Satellite TV Continued from Page 1

transmitting programmes on two channels.

Three Modified European Communications Satellites, of the type under development by the European Space Agency, are planned. Two would be in space at any time and the third would be on the ground in support, together with ground-control services.

The three satellites for SBC would probably cost between £55m and £70m to build and launch. Another £30m would be spent on ground-controls, insurance and other capital costs. Additionally there would be annual operating expenses of £500,000. Capital costs exclude the actual process of transmitting programmes.

The company plans to lease the channels to approved broadcasting organisations. The BBC, Granada and several other smaller groups have expressed interest.

They could not afford the initial construction and launch costs but would be prepared to lease channels at what the Government believes could be a viable figure of about £14m to £16m per channel. Programme costs could add another £10m to £100m to this figure, depending on how elaborate the programmes were.

A recent Home Office study of satellite broadcasting suggested that at those levels investors in the satellite-owning company could expect a real rate of return of about 5 per cent.

Financing details have to be worked out. Rothschild said yesterday it was keeping its options open for the moment.

Possible institutional investors have not been sounded out.

# Shell and Mobil to end subsidies

BY SUE CAMERON

SHELL AND Mobil yesterday followed the lead set by BP Oil and announced they were ending subsidies to their petrol dealers.

The move will add between 6p and 10p to the price of a gallon of four-star at many urban garages.

Esso, which leads the UK petrol market with Shell, also seems set to stop giving its retailers price support—at the rate of £1m a week.

The company said yesterday that it gave price support on a local basis and any withdrawal of subsidies would also be done locally and would depend on market condities in the area.

Esso added that it had no immediate plans for a national announcement about stopping price support.

The end of price support by the major companies marks a new determination to stop cut-throat competition at the pumps and so stem mounting losses on UK refining operations.

Both Shell and Mobil are to cut wholesale petrol prices by around 4p a gallon. At the same time they will scrap discounts to their dealers.

The aim is to safeguard retailers' profit margins so the cuts will make no difference to the increased pump prices.

The average price of four-star in towns and cities is expected to rise to around 156p for a gallon. The present average is nearer 150p.

Industry experts believe Mobil's wholesale price cuts will almost balance its savings from ending price support. However, they think Shell, whose petrol sales are more than twice as large as Mobil's, should make a net saving.

Esso's refusal to announce, unambiguously, that it is ending price support nationwide is clearly causing considerable concern to its competitors.

Last night some of them admitted that pump prices could drop again if Esso failed to fall in line and withdraw dealer subsidies.

Petrol price puzzle, Page 7

## Weather

UK TODAY

London, S. East, E. Anglia
Cloudy with outbreaks of rain. Becoming brighter. Max 17 C

S. England, Channel Is., S.W. England, E. Midlands
Bright intervals, mainly dry. Max 18C

W. Midlands, Wales, N.W. England, Man, N. Ireland, W. Scotland
Mainly dry, sunny periods. Max 19 C

N.E. England, E. Scotland, Orkney, Shetland
Bright intervals with showers dying out later. Max 17 C

Outlook: Mostly dry but some rain in north.

WORLDWIDE

| | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | S | 26 | 79 | L. Ang.† | | — | — |
| Algiers | S | 26 | 79 | Luxmbg. | F | 20 | 68 |
| Amsdm. | R | 14 | 57 | Luxor | | — | — |
| Athens | S | 26 | 79 | Madrid | S | 33 | 91 |
| Bahrain | S | 33 | 91 | Majorca | S | 29 | 84 |
| Barclna. | S | 26 | 79 | Malaga | S | 24 | 75 |
| Beirut | S | 26 | 79 | Malta | S | 31 | 88 |
| Belfast | C | 12 | 54 | M'chstr | R | 14 | 57 |
| Belgrd. | C | 23 | 73 | Melbne. | C | 9 | 48 |
| Berlin | F | 20 | 68 | Mx. C.† | | — | — |
| Biarritz | S | 24 | 75 | Miami† | F | 27 | 81 |
| Bmghm. | C | 16 | 61 | Milan | S | 27 | 81 |
| Blackpl. | R | 13 | 55 | Montrl.† | F | 16 | 61 |
| Bordx. | S | 26 | 79 | Moscow | F | 29 | 84 |
| Boulgn. | R | 16 | 61 | Munich | S | 22 | 72 |
| Bristol | F | 16 | 61 | Nairobi | C | 22 | 72 |
| Brussels | C | 19 | 66 | Naples | S | 26 | 79 |
| Budpst. | F | 26 | 79 | Nassau | | — | — |
| Cairo | | — | — | Nwcstl. | R | 11 | 52 |
| Cardiff | C | 15 | 59 | N. York† | S | 19 | 66 |
| Cas'b'ca | S | 24 | 75 | Nice | S | 26 | 79 |
| Cape T. | S | 17 | 63 | Nicosia | S | 30 | 86 |
| Chicg.† | F | 16 | 61 | Oporto | S | 23 | 73 |
| Cologne | F | 21 | 70 | Oslo | F | 16 | 61 |
| Cpnhgn. | F | 16 | 61 | Paris | F | 24 | 75 |
| Corfu | S | 31 | 88 | Perth | C | 15 | 59 |
| Denver† | S | 15 | 59 | Prague | F | 23 | 73 |
| Dublin | R | 12 | 54 | Rykjvk. | F | 10 | 50 |
| Dbrvnk. | S | 29 | 84 | Rhodes | S | 26 | 79 |
| Ednbgh. | C | 9 | 48 | Rio J'o† | | — | — |
| Faro | S | 30 | 86 | Rome | S | 27 | 81 |
| Florence | F | 33 | 91 | Salzbrg. | S | 26 | 79 |
| Frankft. | F | 22 | 72 | S'cisco† | Cl | 12 | 54 |
| Funchal | S | 25 | 77 | S. Mritz. | | — | — |
| Geneva | S | 22 | 72 | Singapr. | F | 32 | 90 |
| Gibrltr. | C | 21 | 70 | S'tiago† | | — | — |
| Gl'sg'w | C | 12 | 54 | Stckhm. | F | 16 | 61 |
| G'rnsey | R | 13 | 55 | Strasbg. | S | 23 | 73 |
| Helsinki | C | 11 | 52 | Sydney | S | 12 | 54 |
| H. Kong | C | 27 | 81 | Tangier | S | 29 | 84 |
| Innsbrk. | S | 24 | 75 | Tel Aviv | S | 26 | 79 |
| Invrnss. | C | 11 | 52 | Tenerife | F | 24 | 75 |
| I.o.Man | R | 13 | 55 | Tokyo | C | 23 | 73 |
| Istanbul | S | 28 | 82 | T'r'nto† | S | 14 | 57 |
| Jersey | D | 15 | 59 | Tunis | S | 28 | 82 |
| Jo'burg | S | 14 | 57 | Valencia | S | 28 | 82 |
| L. Plms. | F | 23 | 73 | Vienna | S | 24 | 75 |
| Lisbon | S | 30 | 86 | Warsaw | F | 22 | 72 |
| Locarno | F | 27 | 81 | Zurich | S | 23 | 73 |
| London | C | 15 | 59 | | | | |

C—Cloudy. Cl—Clear. D—Drizzle. F—Fair. R—Rain. S—Sunny.
† Noon GMT temperatures.